

## **India**

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### **North Eastern Region Community Resource Management Project for Upland Areas**

#### **Supervision report**

#### **Main report and appendices**

Mission Dates: 23-Apr-2016 to 7-May-2016  
Document Date: 22 June 2016  
Project No. 1040  
Report No: 4117-IN

Asia and the Pacific Division  
Programme Management Department



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## Abbreviations and acronyms

ACCORDS	Apex Cluster Community Resource Development Society
AOS	Annual Outcome Survey
AWPB	Annual Work Plan and Budget
BILCHAM	Banking Institution & Learning Centre of Excellence for Holistic Aspiration of Mothers
CBBC	Community Based Bio-diversity Conservation
CBO	Community Based Organisation
CC	Community Coordinator
CCA	Community Conserved Areas
CFC	Common Facility Center
CIP	International Potato Centre
CRP	Community Resource Person
DoNER	Development of North Eastern Region
DST	District Support Team
DWS	Drinking Water System
FY	Financial Year
GoI	Government of India
ha	Hectare
HH	Household
HR	Human Resource
IA	Internal Auditor
IAS	Indian Administrative Service
ICA	Ingjirmarli Chingthur Asong
ICIMOD	International Centre for Integrated Mountain Development
ICO	India Country Office
IFAD	International Fund for Agriculture Development
IGA	Income Generating Activity
INR	Indian Rupee
IPSAS	International Public Sector Accounting Standards
IVR	Inter-Village Road
<i>jhum</i>	Shifting (slash and burn) cultivation
JRM	Joint Review Mission
KM	Knowledge Management
km	Kilometre
LCL	Low Cost Latrines
M&E	Monitoring & Evaluation
MAP	Medicinal and Aromatic Plants
MD	Managing Director
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MIS	Management Information System
MTR	Mid Term Review
NaRMG	Natural Resource Management Group
NEAT	North East Agro-business Trade
NEC	North Eastern Council
NEDFi	North Eastern Development Finance Corporation
NERCORMP	North Eastern Region Community Resource Management Project
NERCRMS	North Eastern Region Community Resource Management Society
NESFAS	North East Slow Food and Agrobiodiversity Society
NGO	Non-Government Organisation
NRM	Natural Resource Management
NRLM	National Rural Livelihoods Mission
NTFP	Non Timber Forest Products
PCR	Project Completion Report
PNGO	Participating Non-Government Organisation
PSU	Project Support Unit
PTA	Policy and Technical Advisory Division
QCBS	Quality and Cost Based Selection

RIMS	Result Impact Management System
RS	Regional Society
SCCGA	State Coordination Committee for Government Activities
SDR	Special Drawing Rights
SHG	Self Help Group
SO	Supervising Officer
SRLM	State Rural Livelihood Mission
UDWIM	Ukhrul District Women Institute of Micro Credit
USD	United States Dollar
WA	Withdrawal Application

## A. Introduction

1. North Eastern Region Community Resource Management Project for Upland Areas (NERCORMP) is a project funded jointly by IFAD and the North Eastern Council (NEC), Ministry of DoNER, Government of India (GoI). The goal of this six year project is to improve livelihoods of vulnerable groups in a sustainable manner through improved management of their natural resources in ways that contribute to preservation and restoration of the environment. The project covers six districts; two each in the States of Assam (Karbi Anglong and Dima Hasao), Manipur (Senapati and Ukhrul) and Meghalaya (undivided West Khasi Hills and West Garo Hills). The objective of the project is to develop natural resources, build physical and social infrastructure and promote and capacitate community based organizations to improve livelihoods of vulnerable people in project villages.

2. IFAD fielded a supervision mission<sup>1</sup> between 23 April 2016 and 6 May 2016 to review the overall performance and effectiveness of the project. The mission visited 22 villages<sup>2</sup> in six districts in three States to gain first-hand information on physical investments and interaction with project households and field staff and NGOs. The findings in this Aide-mémoire were discussed and agreed with the project management team. The Mission shared its findings in a wrap-up meeting on 6 May 2016 chaired by Mr. Ram Muivah, IAS, Secretary NEC & Chairman, NERCRMS. The wrap-up meeting with DEA, chaired by the Director (MI), DEA, MoF, GoI was held on 24 May 2016<sup>3</sup>.

## B. Overall Assessment of Project Implementation

### Overall implementation progress

3. Overall project implementation performance is rated satisfactory (Score 5). Implemented in a mountainous terrain in three States situated far apart, the Project works with 21 different tribes in 460 villages and 20 826 households against targets of 400 villages and 20 000 households. With about four months remaining for the project to end, it is on course to achieve both its physical and financial targets. Achievement against AWPB is satisfactory. Of the budget of INR 205.44 million for the 18 month period April 2015 to September 2016, 74% has been utilized. The financial allocations for livelihoods, social sector development and handholding activities have been fully utilized. Of the total project outlay of INR 1 645.42 million (excluding community contribution<sup>4</sup>), 96.1% has been utilized by last week of March 2016. ( A table containing financial performance details is provided in annex 1). The project is likely to fully meet the AWPB targets by September 2016. The recommendations of the previous supervision mission have either been complied and on some aspects compliance is ongoing. Preparatory work relating to project completion has been initiated. At completion the project is likely to have substantially achieved its development objectives. The progress of the project in securing its development outcomes has been satisfactory.

4. Outcome 1: *Capacity of the grassroots institutions, communities and NGOs and that of the staff of RS and DS improved.* There was clear evidence that the capacities of CBOs and the NGO/project staff had improved. The CBOs were able to function in line with expectations, govern themselves efficiently and create enabling conditions for members to avail and use technical and financial resources provided by the project.

5. Outcome 2: *FNGOs were engaged and capacitated to provide services to the target groups and CBOs.* The capacity of FNGOs was built up through periodic training and exposure interventions. The FNGOs had gained adequate capacities to serve the CBOs. The CBOs appreciated the support given by FNGOs and were able to utilise the resulting capacity improvements.

6. Outcome 3: *Target groups' incomes enhanced through a range of farm and non-farm activities using participatory approaches and adopting sustainable use of land and other resources.* As per AOS 2015, 74% project households had increased incomes compared to 33% non-project households. Proportion of poor households declined from 50% at baseline to 15% at the end of 2015.

7. Outcome 4: *Access of the communities to rural financial and credit services enhanced.* There is increased access to savings and credit across project households, principally through revolving funds provided by the project to SHGs and NaRMGs.

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<sup>1</sup>Mr Deep Joshi (NRM, Livelihoods, Social Sector & Infrastructure), Mr Kajal Chakraborty (FM) and Mr Narasimhan Srinivasan (Mission Leader; Project Management, Institutions & Microcredit) & Mr. Vincent Darlong (M&E, KM, Gender & Targeting).

<sup>2</sup>People from an additional 81 villages participated in meetings during the field mission.

<sup>3</sup>The supervision mission technically ended on 24 May 2016 with the conclusion of wrap-up meeting with DEA, MoF, GoI.

<sup>4</sup>The community contribution at 141.21 million was much higher than the project assumption of INR 78.13 million.

8. Outcome 5: *Access of the communities to safe drinking water improved and better sanitation provided with effective community participation.* Since inception, the project had enabled access to safe drinking water to 27 400 households<sup>5</sup> and toilet facilities to 15 075 households. Mid-term survey found households using safe water sources increased to 87% from 57% at baseline. More than 80% adults used latrine facilities at home at mid-term survey compared to 54% at Baseline.

9. Outcome 6: *Access of the communities to markets, health services and education and energy improved and enhanced.* In the project villages, 74% of households had improved physical access to markets and 89% households reported better income from marketing of produce. Compared to only 26% project households reporting improved access to markets and 49% reporting increased income.

10. Outcome 7: *Natural resources and biological diversity conserved, and environmentally sustainable production systems introduced.* About 2 lakh ha of degraded forests have been regenerated as Community Conserved Areas (CCAs) with regeneration and sustainable practices adopted by the community. Most project villages have created CCAs of varying sizes and additional area is brought under CCAs every year starting from 2 328 ha in 2011-12 to 16 462 in 2015-16.

11. Outcome 8: *Environmentally sustainable, community-acceptable NTFP and forestry production systems introduced and good practices demonstrated to village communities.* NaRMGs have adopted systems of tracking usage and recording quantities of NTFPs extracted. The project has cumulatively promoted 173 ha of bamboo, 94 ha of broom grass, 19 ha of cane and 213 ha of agro-forestry.

12. Outcome 9: *Information and knowledge sharing on good practices and production systems between communities enhanced and disseminated.* Through training, demonstrations and exposure visits improved practices have been disseminated, leading to adoption of better production systems. Some popular demonstrations and adoption have been in SRI, Bokashi method of pig rearing, Tailoring, Bakery, Horticulture crops (ginger and potato) and home gardens.

#### Likelihood of achieving the development objectives

13. More than 20 000 households have been covered under the project. The AOS 2015 showed that 74% of households reported increased incomes. More than 90% of the CBOs (494 NaRMGs and 1 600 women's SHGs) promoted by the project were rated to be good or average indicating high prospect of self-sustainability. Four apex federations have provided credit services to SHGs and were able to function profitably. The CBOs have led to effective participation of households in community level planning, implementation and auditing resulting in community ownership of activities. Project data indicated improved access to basic services, such as drinking water and sanitation and better road connectivity for some remote villages. The project introduced improved farming systems, diversified farm and non-farm livelihoods and facilitated creation of Community Conserved Areas (CCAs) thereby improving natural resource base and reducing shifting (*jhum*) cultivation. Women benefited from access to affordable SHG credit, increased assets and incomes, financial skills and greater social space. The project is likely to achieve its development objectives (score = 5).

Agreed action	Responsibility	Agreed date
1. Effort for convergence should be pursued vigorously with district officers of line departments along with linking the CBOs for greater sustainability	DSTs & PSU	30 Sep 2016 & on-going

### C. Outputs and outcomes

#### Component 1: Capacity Building of Communities and Participatory Agencies

14. This component is rated satisfactory. (Score 5) It includes fostering NaRMGs as village level organisations, SHGs as affinity groups of 10 to 20 women, Federations of SHGs at Cluster and district levels and Associations of NaRMGs at the Cluster level. The Project has promoted 494 NaRMGs against a target of 400 and 1 600 SHGs against a target of 2 000 with a membership of 21 292 women from 20 826 households. Capacity building programmes of different types including exposure visits had been arranged for more than 10 000 trainees from NaRMGs and SHGs. While a number of these events were on livelihood activities, organizational aspects such as accounting, auditing and monitoring have also been covered.

Type of group	Grade A	Grade B	Grade C	Total	Project target	Achievement%
NaRMG	244	211	39	494	400	123

<sup>5</sup>Includes non-project households. Some overlap due to double counting on account of two stage water storage and distribution systems has increased the number of benefiting households.



SHG	820	623	157	1 600	2 000	80 <sup>6</sup>
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15. During field mission NaRMGs were seen to function effectively with member participation. There is scope for integrating the interests of all households and work for a larger purpose. Technical and knowledge inputs on optimal use of funds, improved NRM planning and collective approaches to livelihood activities can increase the effectiveness and sustainability of NaRMGs. Project staff and NGOs should make CBOs focus on preparation of quality plans, optimal distribution of funds over different activities, ensuring provision of adequate activity specific support to households and monitoring of improvements in production and value addition. Opportunities to influence NaRMGs for better outcomes should be fully utilized.

16. In the annual grading (2015-16), 92% NaRMGs have been found to be good or average compared to 79 % in the previous year. Less than 8% were found to be of poor quality. Ukhrul and West Khasi Hills had a higher proportion of NaRMGs in Grade C and require more attention in the remaining project period to build up the quality of the groups.

17. The women met in course of field visits said the SHGs and the NaRMGs had given them a platform to express themselves and they were now able to deal with public officials effectively. They uniformly rated the SHGs higher than the NaRMGs because SHGs met more often, had regular transactions and closer interaction because of their smaller size. Rotation of leadership in NaRMGs and SHGs has not been a priority, despite guidelines and governance training. This needs emphasis and clear action plans for implementation in the next months.

18. In the annual grading exercise, about 10% of SHGs were found to be in Grade C with more than 90% rated as average or good. There is variation in the quality of groups across project districts. West Khasi Hills district accounted for 55% of C grade SHGs; about 30% SHGs found to be below average. No special measures to improve the quality of the SHGs were in evidence. In the remaining months, a concerted campaign to engage the C grade SHGs (with intense focus on West Khasi Hills) and strengthen their capacities should be undertaken.

#### Geographical coverage of project

As at end of Dec 2015	Villages	Households	NaRMGs	SHGs	NaRMG associations	SHG federations
Assam						
Dima Hasao	87	3333	87	250	8	8
Karbi Anglong	75	3333	75	296	8	8
Manipur						
Senapati	78	3376	89	229	12	12
Ukhrul	69	3833	69	263	7	5
Meghalaya						
West Khasi Hills	76	3619	78	281	8	8
West Garo Hills	75	3332	96	281	14	16
Total	460	20826	494	1600	57	57

19. To guide and support the SHGs, 57 federations have been formed. While some SHG federations played a support and guidance role, for the most part federations did not appear to have a clear role towards SHGs. Federations that functioned well, seemed to do so on account of the leadership of the federation rather than from a project wide strategy on federations. It was difficult to separate the value added by the federations when the project and NGO staff were in frequent, direct contact with the SHGs. Where federations are active, the member SHGs valued their role, while in other cases the SHGs did not seem to understand the criticality of the federation in the light of support and guidance from NGO and project staff. The role of federations should be clearly defined and emphasised in the next months. The support to be provided to SHGs should be through the medium of federations so that their criticality is felt by the SHGs. Federations would be the only remaining support structure for SHGs at the end of the project and hence their capacities—in terms of role awareness, technical aspects and leadership—should be strengthened. Rotation of leadership takes place in a small proportion of CBOs. During the remaining months, good governance messages -

<sup>6</sup>While this seems to be a shortfall in achievement, the project in fact made efficient use of resources by forming groups with 13 members on an average against the design assumption of 10 members per group

relating to rotation of leadership, more representation to women in leadership positions and decision making, social audit, discouraging powerful members from cornering of resources, defaulting of loans and similar topics should be passed on. The CBOs should also be encouraged to take part in leadership of higher level organisations such as Cluster associations and federations.

20. The project had 29 NGOs partners to train and handhold the CBOs on a variety of aspects. The NGOs continued to play a role in improving the internal functioning of the CBOs and their book keeping. Their role in preparing the CBOs to achieve better convergence with government departments and others should be strengthened.

Agreed action	Responsibility	Agreed date
Action to improve the quality of SHGs graded as below average should be initiated and prioritised	DSTs & PSU	30 Sep 2016 & on-going

Component 2: Livelihood Enhancement.

21. Performance in this component is rated satisfactory (Score 5). Economic Livelihood Activities and Revolving Fund and Micro-credit are its two sub-components.

22. **Economic livelihood activities** (Score 5). The activities include development of horticulture, agriculture, livestock, irrigation, promotion of new technologies and non-farm enterprises - each with separate physical and financial targets. The project has achieved the AWPB targets across each of these six activity groups. All appraisal targets have been met except in agriculture. Targets in horticulture, livestock and non-farm sector have been exceeded. Horticulture includes seasonal crops such as spices and vegetables (for own consumption and marketing) as well as long gestation fruit and spices crops such as orange, *Parkia* (*Parkiaspeciosa*), banana, pineapple and areca nut, cultivated principally for cash income. Though the investment in the latter was higher by 13%, the former has had 45% greater coverage of households. Horticulture has been promoted on *jhum* fallows and non-*jhum* homestead land. During the year 4 216 households were supported for horticulture on 148 ha. Agriculture includes support for cultivation of field crops and covered 57 ha during the year to benefit 1 382 households, including 16 ha of pulse crops on *jhum* fallows, which would enhance soil fertility and land use sustainability. Pig fattening, poultry, goat rearing and fisheries are the principal livestock based livelihoods, the coverage during the year being 146 units, benefitting 1 181 households. Pig fattening has been the most popular, followed by poultry and goat rearing. NEC extended support to the project to expand and deepen (by promoting breeding units) pig rearing across all project districts.

23. Irrigation has been promoted by diverting water from both perennial and seasonal streams and springs to terraced fields. During the year 8.56 km canals were constructed to irrigate 87.50 ha, benefitting 945 households. Irrigation potential created overall is 4 288 ha. Demonstrations of new technologies have been taken up to enhance productivity and reduce drudgery, including System of Rice Intensification (SRI), bokashi system of pig rearing, improved cook stoves and improved varieties of vegetable seeds. Small rice mills, tailoring units, grocery shops, barber shops, carpentry, handloom weaving, cobbler units, bakeries, making banana chips, making candles and bamboo and water hyacinth products, etc. are among 39 non-farm enterprises supported by the project based on local opportunities and demand. Coverage during the year was 105 units benefitting 1 635 households. Achievements for key livelihood activities are tabulated below.

		Horticulture, (ha)	Livestock, (Nos.)	Irrigation canals, (km)	Non-farm, (Nos.)	Agriculture, (ha)
Appraisal Target	Physical	1 760	1 143	167	400	1 257
	Financial, mill INR	117.22	75.13	48.65	21.91	43.32
Achievement in 2015-16	Physical	148	146	8.56	105	57
	Financial, mill INR	3.87	3.34	2.09	1.03	2.53
Cumulative Achievement	Physical	3 090	2 619	167	1 565	1 007
	Financial, mill INR	116.84	75.11	48.59	21.91	43.19

24. All project households have received livelihood support at least for one activity, including through loans from SHGs. Findings of AOS 2015 report and mission field visits find that diversity of income sources has increased as have cash incomes. While the activities are supported through

grants *via* NaRMGs, households have also invested in livelihoods by taking loans from SHGs. SHG members in villages visited by the mission team had borrowed at least twice, many thrice and a few five to six times. SHG loans aggregated to INR 790 million till March 2015, most of these being for livelihoods. Livelihood investments thus are likely to be far more than the investments *via* NaRMGs at INR 328 million. The project MIS only captures livelihood investments through NaRMGs. To fully reflect the overall coverage and impact on livelihoods the project should collect and report data on SHG-financed livelihoods in the upcoming PCR. It also needs to collect input-output data for the key livelihoods promoted, including those financed with SHG loans.

25. Several livelihoods promoted by the project could be financed through convergence with extant government programmes and bank loans through SHGs. This would enhance the sustainability of project outcomes and spread of these activities. To facilitate such convergence the project should prepare project briefs for the most commonly adopted livelihood activities.

Agreed action	Responsibility	Agreed date
2. Collect and consolidate data on livelihoods supported through loans from SHGs for use in the PCR	PSU & DSTs	30 Sep 2016
3. Collect input-output data for key livelihood activities for use in the PCR	PSU & DSTs	30 Sep 2016
4. Develop project briefs for key livelihood activities to leverage investments through convergence	PSU & DSTs	30 Sep 2016

26. **Business development & marketing** (Score 5) Training of CBOs and individuals in general aspects of marketing relating to value addition, quality control and entrepreneurship was carried out. About 9000 persons were trained on production and marketing skills —such as in bakery, tailoring, handlooms and jam and pickle making. Trained persons (828) in apparel, furniture making, broom grass, handlooms, honey, soap, agriculture and horticulture reported sales value of about INR 14.3 million per month, average per capita of INR 17 200. Collective marketing initiatives of the project facilitated local sales of INR 12.06 million in ginger, turmeric, black pepper, pumpkin, ash gourd and broom grass. While successes in marketing were in evidence, a concerted effort to pool produce of CBO members for value addition and marketing was lacking in many locations. The opportunities to reduce costs and maximize price realization through pooled marketing, grading and improved negotiating skills were not fully exploited. This aspect needs greater attention in the remaining period to enhance the gains from crop diversification and improved productivity. The successful examples should be utilized to provide exposure to representatives of CBOs.

27. Project support for CBOs to participate in marketing events, besides facilitating sales provided key learnings to producers on market demand and customer preferences in terms of taste, colour, size, etc. At times participation in such events led to larger orders and long term marketing relationships. The learning from such participation should be taken to its logical end. The participants should be debriefed and training for making necessary changes to their production systems arranged.

28. The branding of products produced by project participants under “NEAT” was initially subject to well-defined quality and process control protocols. It was doubtful whether given multiplicity of producer points, ongoing testing of quality was possible; the absence of continuous testing especially in processed food products can pose risks. The protocols developed for food products sold under NEAT should be reviewed and the periodic testing should be strengthened and adequate documentation maintained on the action taken on product batches that did not meet standards. CBOs involved in producing NEAT branded products should be provided training on these aspects.

Agreed action	Responsibility	Agreed date
5. Focus on collective marketing initiatives through a campaign among NaRMGs and SHGs; train representatives of CBOs	PSU & DSTs	30 Sep 2016
6. Debrief participants in marketing events, consolidate their learnings and support/facilitate requirements for change in production systems to meet market demand	PSU & DSTs	30 Sep 2016
7. For food products marketed under NEAT brand, strengthen periodic testing protocols, maintain documentation and increase awareness of communities on appropriate quality standards	PSU & DSTs	30 Sep 2016

29. **Revolving fund and microcredit** (Score 4). The SHGs had regular meetings and saved money either fortnightly or monthly. During field mission, groups were seen to save between INR 10 and 50. The monthly savings had remained stagnant, in many SHGs, for five years. Average annual member savings was about INR 1000 in 2014-15. SHGs provided loans from the project revolving fund corpus (INR 380.59 million) and member savings and interest. Most members accessed loans

from groups and in a few cases the groups accessed loans from banks (INR 27.14 million) to on-lend to members. Some SHGs also availed loans from the federations for on-lending to members. Loan purposes include agriculture, trading, education, healthcare, construction and livestock rearing.

#### Revolving fund released to CBOs for on-lending

As at end of March 2016 (INR million)	Revolving fund released to SHGs	Revolving fund released to NaRMGs
Assam		
Dima Hasao	56.43	6.96
Karbi Anglong	63.40	-
Manipur		
Senapati	45.22	18.28
Ukhrul	33.86	29.63
Meghalaya		
West Khasi Hills	56.93	6.46
West Garo Hills	51.36	12.03
Total	307.21	73.38

30. The use of funds by SHGs varied depending on local economic activities, leadership, risk taking ability of the members and their willingness to borrow. Some SHGs experienced a shortage of funds to lend while others parked surplus revolving funds in banks. Member savings presently constitute a small part of total SHG funds. As access to bank loans remains a challenge, member savings will be a key future source of loan funds. The project should influence groups to raise the level of periodic savings, introduce goal oriented savings that could be withdrawn by members periodically, offer some interest on savings and allow partial withdrawal of savings subject to well set rules made by the group. On the credit side, SHGs were not charging a margin on loans provided to members with funds borrowed from other sources. SHGs should be trained in pricing of loans according to source of funds and purpose of loans. The existing loan products with monthly repayment instalments might be unsuitable for a number of rural activities leading to defaults. Loan products should be reviewed and new ones that fit in with cash flows of typical economic activities should be introduced. Federations of SHGs should also be trained in pricing of loans. All federations should be formally introduced to banks and the opportunities of working as agents of banks in facilitating loans should be explored. SHGs expressed comfort with accounting and appreciated the training from the project and NGOs. But changes to savings and loans products and pricing will necessitate some simple tools such as interest reckoners as also some training.

31. SHG Apex bodies such as UDWIM, ICA, ACCORDS and BILCHAM promoted under NERCORMP-I offer loans to member SHGs, but have limited funds and varying managerial capacities. BILCHAM after a period of dormancy on account of governance issues, has commenced working with federations and SHGs. Since a number of project CBOs are linked with these apexes, certain steps to strengthen their organizational, technical and management capacities should be taken. These apexes registered as Societies are not in an appropriate commercial form. They need to be positioned in a commercial form of organization such as a cooperative society or a Company so that CBO ownership through equity can be established and governance boards elected by the shareholding members. Separation of governance from management is a key aspect of streamlining their functioning. Well-defined processes for business and administrative operations should be put in place. BILCHAM can be taken as the priority institution for transformation, with informed support of CBO members. The other apexes can follow the experience of BILCHAM.

Agreed action	Responsibility	Agreed date
8. Improve savings effort in SHGs through various measures	PSU & DSTs	30 Sep 2016
9. Review suitability of loan products for local livelihood activities and restructure if necessary	PSU & DSTs	30 Sep 2016
10. Train SHGs and federations in loan structuring and pricing	PSU & DSTs	30 Sep 2016
11. Introduce federations to banks and explore options of their acting as agents of banks for loan origination and monitoring	PSU & DST	30 Sep 2016
12. Planned transformation of SHG Apex federations in to a commercial form with shareholder ownership	PSU	30 Sep 2016

#### Component 3: Social Sector Development

32. The performance under this component is rated as satisfactory (Score 5). The component consists of constructing drinking water storage tanks, supply of water from a nearby spring or streams

and construction of low cost toilets (LCL). The project has met the AWPB targets for the year and cumulatively exceeded the appraisal targets. The project only supports procurement of manufactured items from the market for the construction of LCL while the beneficiary households provide labour and local materials according to their means.. Households had the freedom to construct more permanent structures with their own resources. Project achievements are presented in the table below.

	5 000 lit DWS, (Nos.)	20 000 lit DWS, (Nos.)	Poly pipeline, km	Low cost toilets, (Nos.)
Appraisal Targets	300	102	402	14 000
Achievement, 2015-16	82	15	96	5 391
Cumulative Achievement	626	152	444	14 472

33. As recommended by the previous Supervision Mission the project has facilitated convergence with the Government's *Swachh Bharat Abhiyan* (Clean India Mission) to construct LCLs and significant funds have been mobilized in two project districts.

#### Component 4: Rural Infrastructure and Electrification

34. The performance in this component is rated satisfactory (Score 5). Construction of common facility centres (CFCs) as multi-purpose buildings, inter-village roads, culverts and suspension bridges and home solar lighting systems are the activities supported under this component. Achieving the AWPB targets, the project during the year constructed 7 semi-permanent CFCs and 7.95 km of rural roads. Cumulatively, 87 (appraisal target 114) semi-permanent CFCs, 24 (23) permanent CFCs, 179 km (139 km) of rural roads, 1 028 solar home lightingsystems, 6 suspension bridges and 5 Hume pipe culverts have been completed.

35. **Convergence.** The project brought about considerable convergence with government agencies at the district and State level. Besides intangible support by way of training by technical staff from government departments and inputs such as seeds, planting material, etc., the project has also mobilised about INR 355 million, including support for multi-year projects. All the DSTs have mobilised finances and intangible support through convergence. Key sources of support have been IWMP, MGNREGA, Clean India Mission (for LCLs), Border Area Development Programme, the Integrated Basin Development and Livelihoods Programme, NEC and the Public Health Engineering and Agriculture Departments in some of the districts.

36. Linking NaRMGs, their associations and SHG federations to government departments and with banks in case of SHGs and their federations is critical for sustainability of these institutions, especially the NaRMGs and their associations. The project should enhance awareness among key government departments, such as agriculture, animal husbandry, drinking water and sanitation and rural development about the various community based organisations (CBOs) through organising exposure visits and focused interactions between the departments and the CBOs. Similar interactions need to be facilitated between local bankers and the SHG federations.

Agreed action	Responsibility	Agreed date
13. Organise exposure visits for key personnel from relevant government departments in districts and local bank branches to project villages and interactions between them and CBOs to facilitate convergence	DSTs	30 Jun 2016 & on-going

#### Component 5: Community-based Bio-diversity Conservation (CBBC)

37. Project performance under this component is rated satisfactory (Score 5). The AWPB targets under this component for the review period have been fully met or exceeded. The NRM activities taken up in and around CCAs during 2015-16 included (i) aided natural regeneration over 45 ha in 58 villages involving 1 279 households (cumulatively 497 ha in 351 villages benefiting 14 706 households); (ii) pasture development and silviculture over 11 ha in 12 villages benefiting 699 households (cumulatively 88 ha in 79 villages with 2 634 households) and (iii) forestry development including plantations of bamboo and timber species over nearly 6 ha in 12 villages benefiting 766 households (cumulative 1 258 ha). The project has supported mixed plantations of tree species having medicinal value over 287 ha in 222 villages with 7 839 households. The project reported high survival rates and good maintenance of the plantations. The communities have undertaken biodiversity conservation over 2 lakh ha of degraded forest, primarily *jhum* fallows with secondary forests, out 1.84 lakh ha in phase I and 0.16 lakh ha in phase II brought under CCA, see table below). The mission observed high awareness and enthusiasm among communities on biodiversity conservation particularly in Ukhrul and Dima Hasao districts. In Dima Hasao a cluster of eight project

villages together protect the CCA as the catchment of their common drinking water with project support. Field evidence showed that communities considerably benefit from the CCAs, particularly from NTFPs. The details of CCAs created under the project are presented in the table below.

District	No. of Villages	No. of Households	CCA (ha)	Area (ha) per village	Area (ha) per household
Dima Hasao	87	3 333	9 190	105.63	2.76
Karbi Anglong	75	3 333	2 982	39.76	0.89
Senapati	78	3 376	835	10.71	0.25
Ukhrul	69	3 833	1 325	19.20	0.35
West Khasi Hills	76	3 619	800	10.53	0.22
West Garo Hills	75	3 332	1 330	17.73	0.40
<b>Total</b>	<b>460</b>	<b>20 826</b>	<b>16 462</b>	<b>35.79</b>	<b>0.79</b>

38. The project has adequately addressed the recommendations of the previous JRM relating to community biodiversity conservation and CCAs. The project has conducted training on NTFPs from CCAs in line with the recommendations of the previous JRM, primarily on building capacities of the communities to track the uses of NTFPs, such as recording the quantity collected, consumed, processed, sold and incomes earned. The NaRMGs have now included NTFPs in activity register for tracking quantities of NTFPs. The project has begun tracking the socio-economic and environmental benefits of CCAs and has reported that a wide range of NTFPs are collected from CCAs and other natural forests for consumption and trade to supplement income. The communities have adopted rules and regulations for management of CCAs. Some wild fruits such as goose berry, wild apple, etc. have been processed and sold even beyond village markets. The project piloted community biodiversity registers with special emphasis on CCAs. The project would do well to begin consolidation of results, both outcomes and impacts of community biodiversity conservation activities.

Agreed action	Responsibility	Agreed date
14. Collect outcome and impact data pertaining to CCAs for PCR	PSU & DST	30 Sep 2016

## D. Project implementation progress

39. **Quality of project management.** Project management has been rated satisfactory (score 5). The board of the Regional Society, NERCRMS met once during the year. The society continued to have an acting MD. But the project management did not suffer on this count as the acting MD was fully functional and Chairman of the society was available as and when needed for guidance. The General Body of the society met once during the year. NEC provided comprehensive support to the project and enabled project households access resources from other schemes of NEC.

40. The District Societies were active and provided guidance to the DST in project implementation. Meetings with government departments were held with support of Chairmen of District Societies for convergence. The DSTs were able to train and handhold the NGOs in their field interventions. Assessment of FNGOs was carried out periodically. Training of staff of the project as well as FNGOs on necessary skills was arranged from time to time. The following areas would need further capacity building: (i) the staff orientation towards making CBOs and project households to maximize the benefits from provided resources; (ii) the staff were diligent in following the implementation design, and now need to go beyond the guidelines; (iii) better organization of community effort mainly through aggregation to facilitate significant gains in production, marketing, aggregation, access to finance and income enhancement. The variability in quality of groups and other outputs across districts would need to be more closely examined and actions taken at the RS level.

41. The recommendation of the previous supervision mission on exposure visits for staff and revision of compensation of NGOs could not be acted upon as the additional budget allocation could not be secured. The project had constituted an Internal Complaints Committee on sexual harassment as required by law in accordance with the recommendations of the previous supervision mission.

42. The focus of programme management from now on should be on consolidating the progress achieved, documenting learnings and facilitating CBOs to learn from others, overseeing activities leading to sustainability of CBOs and mainstreaming of improved practices so far introduced. In particular, attention is needed to ensure that the funds entrusted to CBOs and others for specific purposes continue to be applied for the given objectives. To this end, the project should dialogue with communities for documenting their understanding and common rules in the form of a resolution.

Agreed action	Responsibility	Agreed date
15. Focus on consolidation of learnings, strengthening of institutions and enable learning across the project	PSU & DST	30 Sep 2016
16. Ensure that CBOs resolve to apply revolving funds and other similar assets appropriately, consistent with original objectives	PSU & DST	30 Sep 2016

43. **Monitoring and evaluation.** The M&E performance of the project is *satisfactory* (Score 5). The M&E system supports the project's requirements particularly at output levels. The DSTs use the data that are regularly collected by DSTs and NGOs based on village 'activity registers'. The activity register at the villages provides opportunity for the communities to follow-up their own performance against their planned activities. The communities reported undertaking participatory assessment, monitoring and evaluation termed as social auditing. In addition to regular data based on AWPBs and standard M&E formats, the DSTs and PMU collect other relevant information by way of case studies on gender, micro-credit, revolving funds, rural infrastructure, business plans and commodity marketing. The project regularly generates RIMS annual report, AOS and Annual Progress Report besides specific case documentations. Based on the recommendation of the last supervision mission, trainings were organised at each DST for NGOs and leaders of cluster associations on use of project MIS to improve data collection at the village and use of the data for evaluation of outcomes.

44. In the remaining period, NERCORMP should consolidate results, for key outputs, outcomes and impacts as per the IFAD PCR guidelines. Since the last supervision mission, the project has improved its village and group level data validation processes through the involvement of NGOs/CCs and DSTs and discussions over use of activity registers. The project should continue to invest in the capacity of community leaders and SHGs to capture data and record activities for participatory monitoring and social audit. They should also be sensitized to capture data on benefits from other government and non-government programmes in their villages as part of convergence.

45. **Gender focus.** Gender focus is rated *satisfactory* (Score 5). Gender disaggregated data of the project is available for key Project indicators. The NaRMGs have 50% women; over 90% of NaRMG treasurers are women. SHGs are all women. Women actively participate in meetings and contribute to decision making processes. They have access to knowledge, new skills and resources including loans from banks. Nearly 20% of project investment (equivalent to about INR 380 million) has directly benefited women in the form of RF to SHGs. Access to safe drinking water and low cost latrines and improved hygiene have reduced drudgery and improved status of women. Over 61% of participants in all the trainings relating to IGAs, livelihoods, business and financial literacy have been women. The project has emphasized gender training for the leaders of cluster associations, federations, NGOs and community coordinators. Field interactions in Ukhrul and Senapati showed that women have gained social and economic space in the male-dominated society and respect for their opinions.

46. The role of Women in conflict prevention and peace building processes has been well recognized, particularly in Dima Hasao district of Assam and Senapati district of Manipur. Interactions with the communities also revealed the increasing roles of women in natural resource management particularly in CCAs, village cleanliness and management of the apex organisations of SHGs. The project should make greater efforts for convergence with National Rural Health Mission, etc., in which women can benefit better. In Manipur, the NRLM is expected to work soon with the SHGs, paving way for an exit strategy. The project should consolidate results on the wellbeing and economic performance of women from poor and poorest households. The project has introduced women-friendly farm tools and implements (such as light weeder, power-operated grass cutter, tiller, seed broadcaster, etc.) and non-farm implements (such as lighter Burmese looms, tailoring machines, low cost bakery oven, etc.) in line with suggestions of previous supervision mission.

47. **Poverty focus.** Poverty focus is *satisfactory* (Score 5). Over 91% of project households are poor, 43% of them being the poorest or extremely poor households. The project households are from vulnerable ST communities, with over 60% (more in Garo Hills, Karbi Anglong and Dima Hasao) depending on some form of unsustainable cultivation or *jhum*. The project strategy of inclusion of the target poor households in the NaRMGs and SHGs has been satisfactory. While some of the project interventions, such as inter-village roads, common facility centres and drinking water supply, benefit all households, the poor households have been targeted for IGAs and low cost latrines. Over 98% of households benefiting from low cost latrines and IGAs are those categorized as poor, poorer and poorest, indicating satisfactory poverty focus of the project.

48. The AOS 2015-16 of the project showed that while 74% of the households have moved up the income group, 26% of the households could not move up the income group. The project should

undertake detailed analysis the reasons why these households could not benefit as expected. Moreover, the project report, as also field evidence, showed that significant part of revolving funds of SHGs remains idle in some districts. The project should examine sub-optimal use of revolving funds and undertake targeted capacity building of poor households in IGAs. This will lead to better utilisation of SHG revolving funds. The project has reported that in most of the villages, the NaRMGs have identified and covered the left out families in livelihood programmes. However, the data on left-out households subsequently included has to be collated for PCR.

49. **Effectiveness of targeting approach.** Targeting is rated as *satisfactory* (Score 5). The programme villages have been selected based on physical remoteness where at least 60% households practice *jhum* and had limited access to government programmes. In the selected villages, the households were categorized into poorest, poorer, poor and better off through wealth ranking<sup>7</sup> of the households. The project targeted the poorest categories of the households for support and a significant number of them have moved up to less poor category with improved income. AOS 2015 showed that 83% of project HHs now has at least 3 sources of income as compared to 59% during 2011. Evidence from the field visits of the mission have been encouraging, the poorest households attributing improved income mainly to IGAs from livestock, farming, and improved availability of NTFP from CCAs, easy credit access from the SHGs revolving fund, besides access to safe drinking water, sanitation, increased awareness and skills through capacity building provided by the project. The number of poorest households declined from 50% at baseline (2010-11) to 15% in 2015-16 as per the wealth ranking exercise. The project would do well to deepen and consolidate these gains. The effectiveness of targeting is reflected in the following table.

District	Total	2010-11 (PY 1): No of HHs				2015-16 (PY 5): No of HHs			
		Better off	Poor	Poorer	Poorest	Better off	Poor	Poorer	Poorest
Dima Hasao	3 333	172	528	1 092	1 541	591	1 040	1 268	434
KarbiAnglong	3 333	99	498	1 260	1 476	817	1 164	1 085	267
West Khasi hills	3 619	196	603	1 266	1 554	855	1 307	975	482
West Garo hills	3 332	185	453	806	1 888	817	1 252	1 020	243
Ukhrul	3 833	68	224	590	2 951	213	842	1 462	1 316
Senapati	3 376	496	817	1 052	1 011	747	1 155	1 028	446
Total	20 826	1 216	3 123	6 066	10 421	4 040	6 760	6 838	3 188
Percent	100	6	15	29	50	19	33	33	15

50. **Innovation and learning.** Knowledge management performance of the project is rated *satisfactory* (Score 5). The project has improved steadily in KM and Communication Strategy since the last review. As per its work plan, the project has carried out a number of KM capacity building activities particularly by the DSTs. Trainings included on video documentation, case study documentation, awareness on biodiversity and various government programmes. The project in the districts organise meetings of various CBOs and exposure visits for the community members. At the programme level, the project has organised the annual NEAT Fest which is a platform primarily for the SHGs but also attended by selected NaRMGs for sharing and learning from each other besides exhibiting and selling the SHGs products. The project actively uses modern learning and knowledge sharing tools and practices to disseminate project results and knowledge such as website, IFADAsia, newsletter, periodic reports, social media (Facebook), exposure visits, and periodic meetings in the districts among the various stakeholders. The project staffs also attend workshops and seminars to share project experiences. The project takes on interns from reputed academic institutions to carry out studies. The project has come out with newsletters, case studies of successful interventions, technical manuals (e.g. Plantation Manual in Karbi language) and video documents. The innovations in the project are varied such as partnerships between NaRMGs, Church bodies and Village Authorities in Ukhrul District in biodiversity conservation (promoting the theme of green gospel, green village), re-introduction of traditional food crops in Ukhrul district, geo-referencing of project villages in Karbi Anglong (also see Appendix 7).

51. As the project is nearing completion, the project will need to strengthen its documentation of successful and not-so successful case stories on various thematic areas of interventions. The documentation will help in the preparation of PCR to capture and distil learning from the project interventions. Opportunities exist for deepening and strengthening community to community (C2C) or

<sup>7</sup>NERCORMP has adopted different criteria for wealth ranking across districts, the simplest being based on annual income: poorest (INR 15 000-20 000); poorer (INR 20 000 – 30 000); poor (INR 30 000 – 40 000); and better off (above INR 40 000 a).



group to group (G2G) learning culture and practices. Various SHGs and NaRMGs are at different level of performance, some doing better than others, particularly in farm and non-farm IGAs. The project should organise a regional sharing and learning workshop as part of its PCR processes to promote cross learning and capture information for the PCR.

52. **Climate and environment.** This is rated as *satisfactory* (score 5). The NRM focused interventions in the project have contributed to positive climate and environment effects. As part of community based biodiversity conservation, 16000 ha of CCAs were promoted, water catchment areas improved and important NTFP sites identified within the village communities. The project has also supported climate and environment focused activities such as aided natural regeneration (65 ha), pasture development (1187 ha), forestry/agro-forestry/NTFP plantation (1406 ha), vermi-composting (79 units), solar lamps (1 475 units), riverine fish sanctuaries (46) and community tanks for water harvesting (18), to deepen positive climate and environment effects.

## E. Fiduciary aspects

53. **Financial management.** The implementation performance of this activity is rated as satisfactory (Score 5). The finance function of the NERCORMP project is headed by the Director Finance in the PSU assisted by two other staff. Each of the six district offices has one Assistant Accounts Officer. The mission reviewed the books and records at the PSU office, the district offices of West Garo Hills and West Khasi Hills, a few NaRMGs and SHGs.

54. The project follows cash basis of accounting. The PSU and the district offices maintain the accounts in Tally Software while the NaRMGs and SHG's do so manually. The mission reviewed the financial management systems and the internal controls at the PSU and the district offices visited. The process of authorization and documentation in respect of release of funds, booking of expenses, release and adjustment of advances, control and custody of fixed assets, control on petty cash, provident fund and other statutory payments were found to be generally satisfactory.

55. Bank Reconciliation Statements (BRS) are prepared monthly in the district offices and the PSU. In West Garo Hills district office, the BRS for the month of March 2016 was prepared incorrectly and should be rectified. In West Khasi district office, the BRS for March 2016 contained an unknown credit of INR 10 000 given by the bank, appearing as a reconciliation item and needs rectification. BRS as on 31 March 2016 of West Garo Hills and the PSU office reflected reconciliation items of old cheques not presented for payment aggregating INR 50 585 which have become stale. Similar unreconciled stale cheques were also noticed in NaRMG Gingjang Bokma of West Garo Hills. These cheques would be required to be revalidated / or book entries for the same reversed, as appropriate.

56. The books and records of the NaRMGs visited were found to be adequate and reasonably accurate except for a few instances of (a) Non recording of cash withdrawal in the resolution register (b) Non documentation of detail and basis of calculation of large payments (c) Difference in balances between cash book and passbook (d) Non mentioning of instalment number in the loan register for loan given to a member (e) Activity register not updated to record some expenses (f) Non recording of basis of income generated from NaRMG asset leased to a member (g) cheque number not mentioned in cash book (h) Resolution register not updated for cash received for member contribution. The books and records of the SHGs were found to be satisfactorily maintained except for a few instances of (a) fresh loan given to SHG members although old loan outstanding (b) cash book not updated for membership fees, certain payments and deposits made in bank (c) granting of loan to a non-member. The audit of all NaRMGs and SHGs across the project has been completed up to the year 2014-15.

57. Fixed Assets Registers (FAR) were being maintained in the PSU and the district offices visited. While the physical verification of such assets was documentarily evidenced at the PSU, for the district offices of West Garo Hills and West Khasi hills this was not done.

58. As on 31 March 2016, amount unspent and lying with the NaRMGs across the project aggregated INR 31.17 million. NaRMGs should be asked to provide Utilization certificates for such amounts. Any unutilized amount on the project closing date should be recalled and returned to IFAD. Post 31 March, 2016, no funds have been released.

59. The project has a post of Internal Auditor in each of the six districts. Each of the NaRMGs and SHG s is covered by audit at least once during the year. Internal audit has been conducted regularly in time. Internal audit reports, on a sample check were found to be of adequate quality. The internal auditors were found to be playing a supporting role rather than a quality assessment role.

60. **Withdrawal applications (WA).** During 2015-16 the project has submitted five withdrawal applications out of which funds have been disbursed for three WAs. Two withdrawal applications (WA 20 and WA 21) for the period September 2015 to March 2016 for INR 43.29 million are under process. The WAs were found to be made with appropriate documentation, proper categorization and in accordance with the finance agreement. No instance of ineligible expense was observed.

61. **Disbursement.** This is rated as satisfactory (Score 5). Till 21 April 2016, IFAD has released an amount of SDR 11.64 million (USD 17.59 million) including a sum of SDR 0.55 million (USD 1.5 million) as initial advance. The rate of disbursement including the Initial Deposit is 92.38 % (which is inclusive of pending WA), though historical transaction disbursement is 87.55% (which is shown in the disbursement table 5).

62. **Counterpart funds.** This is rated as highly satisfactory (Score 6). Gol provides advance funding to the Project as per the approved AWPB. As advance funding is not segregated between IFAD and government funding, the difference between the reported expenditure and IFAD disbursement is taken as Gol contribution. Till 31<sup>st</sup> March 2016, Gol has released INR 614.70 million as counterpart contribution which includes INR 89.55 million against the AWPB for the year 2015-16.

63. **Compliance with loan covenants.** This is rated as satisfactory (Score 5). The Project has generally complied with the Loan Covenants. The details of compliance are in Appendix 6.

64. **Procurement.** The performance of this activity is rated as satisfactory (Score 5). During 2015-16, procurement at the PSU and the district offices were minimal and made in accordance with IFAD procurement procedures. In NaRMGs and SHGs visited, no procurement was made except in NaRMG Pyndemmawram Hah in West Khasi Hills district where one rice mill equipment was procured at a cost of INR 52,000. This was done on direct contract method and duly recorded in the minute books of the concerned NaRMG.

65. **Audit.** The implementation performance of this activity is rated as moderately satisfactory (Score 4). The audit of the accounts of the project for the year 2014-15 has been carried out and the audited accounts submitted to IFAD in time. The audit opinion was an unqualified one. The audit report expressed comfort on SOE / WA Claims made by the project. It did not offer an opinion on the procurement procedures followed in the project, although specifically required by their TOR. The Management Letter issued by the auditor was not formally structured setting out the observations, implication and recommendations. The observations added little value and the management letter did not contain a review of previous year's recommendations. The project maintains a detailed audit log and issues raised in audit had been dealt with. Auditors for the year ending 31 March, 2016 were appointed with concurrence from IFAD and the audit has commenced.

Agreed action	Responsibility	Agreed date
17. NaRMGs to furnish Utilization Certificates in respect of unutilized project funds lying with them as on 31 March 2016. Any fund lying unutilized should be called back and returned to IFAD.	DST / Director (Finance)	30 Sept 2016
18. Fixed Assets across the project should be physically verified and evidenced	DST	30 Sep 2016
19. Stale cheques need to be revalidated or book entries reversed as appropriate	DST, PMU	30 Jun 2016

## F. Sustainability

66. **Institution Building.** This is rated to be moderately satisfactory (Score 4). While most of the SHGs are likely to carry on functioning in the interest of the members, some of the NaRMGs might not continue to be active without support of the project, especially the annual funding. The effectiveness of the SHG federations even with project support varies across districts and clusters. Clearer understanding of roles of federation in both federation office bearers and constituent SHGs is necessary to strengthen their future work. The remaining period of the project should be utilized to consolidate and strengthen the CBOs to ensure sustainability. It was understood that the Regional Society has moved a proposal for extending the support to the project CBOS for another year and the proposal is likely to be approved by NEC. This would be a welcome development and would provide adequate time for orderly closure from a sustainability point of view.

67. **Empowerment.** This segment is rated as satisfactory (Score 5). The project households and their organizations during field missions and surveys have reported improved confidence in dealing with public authorities and better awareness of their rights and responsibilities. Public spaces created such as CFCs, greater access to natural resources such as water, fishing, forests have increased their understanding of entitlements. The progress of people from shy, withdrawing types in to

articulate and assertive ones is visible. The capacity building initiatives have instilled a sense of self-worth and belief in one's ability to improve economic and social status through acquired skills. Overall the interventions have resulted in an empowering and enabling climate in the project villages.

68. **Quality of beneficiary participation.** This is rated as satisfactory (Score 5). The project households have been participating in decision making, resource allocation and prioritization. SHGs contribute to federations for their running costs and to build a corpus. In some districts beneficiaries have also made financial and physical contributions and in fact the beneficiary contribution has been overachieved by about 90%. The project needs to guide the CBOs to fully exploit the scope for increasing their participation in common activities and common infrastructure creation.

69. **Responsiveness of Service Providers.** This is rated as moderately satisfactory (Score 4). While a reasonable level of convergence is achieved, more needs to be done. The schemes available with different government departments do not easily reach the project villages. In marketing, significant issues in the interface with market service providers continue. Service providers often are unable to customize their services to suit the community needs. Dialogue between CBOs in the project and service institutions can increase awareness levels and increase responsiveness.

70. **Exit Strategy.** This is rated as moderately satisfactory (Score 4). The exit strategy prepared by the project needs strengthening. Several recommendations have been made in different parts of the report to make the exit facile and enabling for the project households to capitalize on the gains already made. Exit strategy should focus on consolidation, future orientation without dependence, cross learning and greater cohesion among households to pursue social and economic objectives.

71. **Potential for scaling up and replication.** This is rated as highly satisfactory (Score 6). The project has already been replicated in other districts under NERCORMP III covering nearly 60000 households in five districts including a new state Arunachal Pradesh. Groups and households have adopted the project activities and processes by from their own resources. There is a possibility of the SLRM working with the project promoted SHGs and federations. The project ideas and measures will find application in design of other similar projects.

## **G. Others**

72. **Physical and financial assets.** This is rated to be satisfactory (Score 5). Roads, irrigation systems, drinking water systems, plantations, common facility centres, village market sheds, low cost latrines, solar lighting systems, etc. have been created with project funds. The communities have been sensitised on need for collective action for maintenance of these assets. Revolving funds in the hands of NaRMGs and SHGs would continue to grow. The project as part of its completion activities should ensure that CBOs take on the role of protecting the funds and using the same responsibly. The project beneficiaries have also created private assets from incomes earned through IGAs.

73. **Food security.** This is rated to be satisfactory (Score 5). According to AOS 2015, the project households were more food secure. Only 6% of project households reported food shortage compared to 12% of non-project households. The food security situation improved according to 50% of project households in the last one year. In comparison, only 27% non-project households reported improved food security. Apart from availability of food, nutritional quality also improved through interventions in vegetable cultivation for own consumption, kitchen gardens and training on nutritional awareness.

74. **Quality of natural assets and climate resilience.** This is rated to be satisfactory (Score 5). The natural assets created by the project in the form of CCAs, plantations undertaken, water resources developed will all contribute to increased overall well-being of the communities. The quality of assets appeared to be satisfactory (Score 5). Community efforts will be required to protect the same and CBOs have been trained in this regard. Diversification of agricultural crops, diversification of livelihoods, focus on NRM at community level, demonstrated conservation efforts and training offered to CBOs will all contribute to readiness of people to climate change issues. In terms of climate resilience, project communities are assessed to be better prepared.

75. **Project completion.** The project is scheduled for completion on 31 September 2016. This calls for the preparation of a project completion report (PCR) by the project and submission to IFAD by mid December 2016. IFAD Guidelines for the preparation of the PCR have been provided to the Project. NERCORMP has included the necessary budget in its AWPB 2016-17. The project has also initiated processes for timely conduct of the RIMS+ End line Survey. The project is also on track with follow-up initiatives for preparation of PCR. The M&E data is under review by the RS/PSU for consolidation. If required by the project, IFAD may field an Implementation Support Mission in September - October

2016 to guide the project in preparation and processes of PCR (particularly on Financial and Economic Analysis, Analysis of Impact on Environment, closure of financial management issues). *The Supervision Mission Report will contain a check list and data to be collected and other information for.*

76. IFAD will field a PCR validation mission on receipt of PCR document. The PCR validation mission is likely to be fielded during January 2017, well before the project closure date of 30 March 2017. The Mission will review the PCR with the project. It will carry out field visits, interactions with communities and stakeholders, conduct a stakeholders' workshop and conclude with a wrap up meeting with the Lead Project Agency, viz. North Eastern Council (NEC) and finally the Ministry of Finance, Govt of India.

Agreed action	Responsibility	Agreed date
20. Initiate actions for PCR processes, prepare the PCR as per IFAD guidelines provided and submit it to IFAD.	RS/PSU	15 Dec 2016

## H. Conclusion

77. The mission is the last one before project completion. The mission findings indicate that the project has achieved most of the physical and financial targets in 2015-16 and is likely to almost fully achieve project targets at completion. A preliminary review of outcomes show that these are positive and substantially on the lines of what was intended during design. On key aspects such as household coverage, building community organisations, diversification of livelihoods, increased incomes, reduction of poverty, better practices in environmental conservation and improved climate resilience, the project has considerable achievements. The project has been assessed to have a satisfactory level of overall project performance (Score of 5 out of 6). While the project should continue to tap existing opportunities, there have also been missed opportunities for making the CBOs work cohesively for much greater benefits, need for strengthening CBOs in some clusters, linking CBOs with government departments and other projects so that they get sustainable support for their future requirements, and strengthening financial services part of groups' activities as also that of apex federations. In the remaining months, the project should focus on strengthening the weaker CBOs, consolidating learnings and facilitating sharing of best practices, encouraging adoption of sound norms for optimal use of revolving funds in the hands of CBOs, mainstreaming advances made in natural resource management practices and completing all the PCR related data and information collation through studies, surveys and workshops. The project should prioritise the following in strengthening CBOs: i) enable a dialogue between CBOs and line departments, ii) provide exposure for government staff to the activities of the project through field visits, iii) Identify the best suited schemes of each line department, disseminate details to CBOs and familiarise them with application processes for approaching different departments. The completion activities should focus on making CBOs independent and empowered enough to manage continuing improvements to their economic and social status through informed access to projects, programmes and other support mechanisms offered by different government departments and others.

## Appendix 1: Summary of project status and ratings

Project North Eastern Region Community Resource Management Project for Upland Areas

### Basic Facts

Country	India			Project ID	1040	Loan/DSF Grant No.	444
Project	North Eastern Region Community Resource Management Project for Upland Areas				Top-up Loan/DSF Grant	794	
Date of Update	6 May 2016						
Supervising Inst.	IFAD						
No. of Supervisions	13	No. of Implementation Support/Follow-up missions	5				
Last Supervision	16 May 2015	Last Implementation Support/Follow-up mission	15 Feb 2014				

USD million Disb. rate %

Approval	29-Apr-1997			Total financing		
Agreement	20-May-1997	Effectiveness lag		IFAD Total	20.13	87.55
Entry into force	23-Feb-1999 & 10-Jul-2010	PAR value	-----	IFAD loan	20.13	87.55 <sup>8</sup>
First disbursement				DSF grant		
MTR	17-May-2002 & 10-May-2013	Last amendment		IFAD grant		
Original completion	28-Sep-1999	Last audit	1 Aug 2015	Domestic Total	12.82	
Current completion	30-Sep-2016			Government (National)	11.35	98.55
Original closing	28-Sep-1999			Domes. Fin. Inst.	2.00	
Current closing	31-Mar-2017			Beneficiaries	1.47	172.96
No. of extensions				External Cofinancing Total		

### Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	5	5	1. Quality of project management	5	5
2. Acceptable disbursement rate	5	5	2. Performance of M&E	5	5
3. Counterpart funds	6	6	3. Coherence between AWPB & implementation	5	5
4. Compliance with financing covenants	5	5	4. Gender focus	5	5
5. Compliance with procurement	5	5	5. Poverty focus	5	5
6. Quality and timeliness of audits	5	4	6. Effectiveness of targeting approach	5	5
			7. Innovation and learning	4	5
			8. Climate and environment focus	4	5
B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1.Capacity Building	5	5	1. Institution building (organizations, etc.)	5	4
2.Livelihoods enhancement	5	5	2. Empowerment	5	5
3.Biodiversity	5	5	3. Quality of beneficiary participation	5	5

<sup>8</sup> Two withdrawal applications submitted by the project are under process for release. If amounts involved in these applications are reckoned, the disbursement rate in SDR terms will be 96.06%

4. Social sector activities	5	5	4. Responsiveness of service providers	4	4
5. Village roads and electrification	5	5	5. Exit strategy (readiness and quality)	4	4
			6. Potential for scaling up and replication	6	6

#### B.5 Justification of ratings

### Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets	5	5
C.2 Food security	4	5
C.3 Quality of natural asset improvement and climate resilience	5	5
C.4 Overall <b>implementation progress</b> (Sections B1 and B2)	5	5
Rationale for implementation progress rating		
C.5 Likelihood of achieving the development objectives (section B3 and B4)	4	5

#### Rationale for development objectives rating

More than 20 000 households have been covered under the project. The AOS 2015 showed that 74% of households reported increased incomes. More than 90% of the CBOs (were rated to be good or average indicating high prospect of self-sustainability. The CBOs have led to effective participation of households in community level planning, implementation and auditing resulting in community ownership of activities. Project data indicated improved access to basic services, such as drinking water and sanitation and better road connectivity for some remote villages. The project introduced improved farming systems, diversified farm and non-farm livelihoods and facilitated creation of Community Conserved Areas (CCAs) thereby improving natural resource base and reducing shifting (*jhum*) cultivation. Women benefited from access to affordable SHG credit, increased assets and incomes, financial skills and greater social space. With most outputs delivered and some outcomes already visible, it looks likely that the project will achieve its development objectives.

#### C.6 **Risks** Short description of major risks for each section and their impact on achievement of development objectives and sustainability

Fiduciary aspects	No major risks were noticed.
Project implementation progress	If the SBOs are capacitated to link with government departments and other support agencies, they might become dormant. The Revolving Funds provided to CBOs might not utilised appropriately, if suitable guidance is not provided in the next few months.
Outputs and outcomes	Mainstreaming of new livelihoods and good practices, environmental conservation and protection outcomes require continuous and ongoing efforts by the community. The associations' and federations' ability to keep CBOs focused on maintenance and expansion of project outcomes should be improved.
Sustainability	CBOs continued functioning will determine sustainability of the project achievements and outcomes. Linkage with government departments and other agencies is a critical factor in CBOs future functioning.

### Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
Preparation for project completion. Adequacy, relevance and timeliness of information collected for PCR preparation in accordance with mission suggestions.	A support mission after a few months.	Sept/Oct 2016	

#### Additional observations

The key actions indicated in the mission report should be completed before September 2016, the project completion date. These relate to strengthening of weak CBOs, orienting groups towards collective action on input purchase, output marketing, improved financial services within SHGs through higher savings and new savings and credit products, providing guidance on optimal use and augmentation of Revolving funds over the long-term, better linkages with banks, strengthening of Apex federations of SHGs and linking CBOs with suitable government departments, schemes.

Further several activities relating to Project completion and preparation of PCR should also be taken up by the project.

## Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs

Narrative Summary	Key Performance Indicators	Means of Verification	ACHIEVEMENT	Assumptions/ Risks
<b>A. PROJECT GOAL</b>				
To improve the livelihood options of economically vulnerable groups in a sustainable manner through the promotion of improved livelihood opportunities and strengthening of local institutions that relate to livelihood development	<ul style="list-style-type: none"> <li>- At least 75% of households with Improvement in household asset ownership index</li> <li>- Reduction in the prevalence of child malnutrition by gender.</li> <li>- At least 75% of households that have improved food security and incomes.</li> <li>- At least 75% households that have access to safe drinking water, sanitation and markets</li> </ul>	<ul style="list-style-type: none"> <li>- Baseline data</li> <li>- RIMS impact survey</li> <li>- MTR survey</li> <li>- PCR survey</li> <li>- Secondary data</li> <li>- Independent evaluations</li> </ul>	<ul style="list-style-type: none"> <li>- While some of the data will come from final RIMS survey and other studies, AOS 2015 finds that 88% households have increased livestock herds, 95% households have no food shortage and no household experiences food shortage beyond three months, 87% access safe drinking water, 80% adults use Latrines at home, 74% had increased physical access to markets and 89% had increased incomes on account of better access to markets.</li> </ul>	Political stability; Non-interference by vested interests in selection of NGOs and other implementing partners; NEC and GOI continue the poverty reduction programmes.
<b>B. PROJECT PURPOSE</b>				
Incomes of about 20,000 rural households improved by upscaling the NERCORM approaches, organising rural women into 2000 self-sustaining SHGs, communities to 400 NaRM-G and 6 apex organisations empowering them through training and capacity building.	<ul style="list-style-type: none"> <li>- Changes in wealth ranking of at least 75% of target groups.</li> <li>- At least 75% targeted HHs reporting increased incomes from diversified activities.</li> <li>- 75 % increase in average HH incomes</li> <li>- At least 75% of Target group perception about NERCORMP interventions is positive</li> <li>- Livelihoods plans made and operational by village</li> <li>- At least 90% of women SHGs engaged in savings and credit</li> <li>- At least 85% of SHGs and NaRM-Gs are effectively functional</li> <li>- Women perceptions about NERCORMP interventions are positive</li> </ul>	<ul style="list-style-type: none"> <li>- Project surveys at baseline, mid-term and Completion</li> <li>- Annual surveys of HHs</li> <li>- RIMS surveys</li> <li>- Annual participatory assessments</li> </ul>	Based on currently available data, 79% of households have improved their wealth ranking. AOS finds that 83% households have three or more sources of income, 74% households have increased incomes, 100% of women SHGs engaged in savings and credit and more than 90% NaRMGs are functional. More information through surveys and studies will be available during preparation of PCR	Favourable government policies on rural development continue. Credible NGOs exist

C. COMPONENTS OUTCOME and OUTPUTS				
COMPONENT 1: BUILDING THE CAPACITY OF PARTICIPATING AGENCIES				
Sub-component -1.1. Community & Other stakeholders capacity building				
<p><b>OUTCOME:</b> Capacity of the grassroots institutions, communities and NGOs and that of the staff of RS and DS improved through training, exposure visits and workshop</p> <p><b>OUTPUTS:</b></p> <p>1.1.1 About 2000 SHGs covering 20,000 HHs formed</p> <p>1.1.2 NaRM-G organised in 400 villages</p> <p>1.1.3 Short trainings organised to RS, DS, NGOs &amp; CBOs</p> <p>1.1.4 Some 400 trainings conducted on NRM to communities</p> <p>1.1.5 About 400 PRA conducted</p> <p>1.1.6 Some 90 exposure visits organised for staff &amp; communities</p> <p>1.1.7 Some 30 NGOs' staff trained</p>	<ul style="list-style-type: none"> <li>- Increased awareness among communities</li> <li>- Increased community's participation</li> <li>- Improved staff performance: adherence to schedule</li> <li>- Improved NGOs performance: adherence to schedule</li> <li>- Timely submission of Reports</li> </ul>	<ul style="list-style-type: none"> <li>- Progress Reports</li> <li>- Annual Reports</li> <li>- M&amp;E Reports</li> <li>- NGOs Reports</li> <li>- Case studies</li> <li>- Missions findings</li> </ul>	<p>Interactions with the CBOs reveal that the groups have good capacity to carry out their tasks.</p>	<p>Favourable response from the Community and their leaders, NGOs, target groups</p>
	<ul style="list-style-type: none"> <li>- Number of villages covered and agreements signed;</li> <li>- Number of staff capacitated by gender</li> <li>- Number of grassroots institutions capacitated by type and category</li> <li>- Number of exposure visits arranged by type, location and category</li> <li>- Number of female participants by type of institution and category of training</li> </ul>	<ul style="list-style-type: none"> <li>- Progress Reports</li> <li>- Annual Reports</li> <li>- M&amp;E Reports</li> <li>- NGOs Reports</li> <li>- RIMS surveys</li> <li>- Missions observations</li> </ul>	<ul style="list-style-type: none"> <li>- 1600 SHGs</li> <li>- 20,826 Households</li> <li>- 494 NaRM-Gs</li> <li>- 460 villages</li> <li>- 416 training on NRM</li> <li>- 1595 trainings on Group formation and capacity building for NaRM-Gs and SHGs</li> <li>- 494 PRA conducted</li> <li>- 165 exposure workshop</li> <li>- 37 trainings for NGO's</li> </ul>	<p>Number of households from 10 per SHG has increased to an average of 13 members &amp; hence total number of SHGs is less than the target.</p> <p>Adequate number of training institutes exists and facilities are available;</p>
Sub-component -1.2: Support to PNGOs				
<p><b>OUTCOME:</b> PNGOs were engaged and capacitated to provide services to the target groups and CBOs.</p>	<ul style="list-style-type: none"> <li>- Number of CBOs organised and capacitated</li> <li>- Number of SHGs organised</li> <li>- Number of NaRM-G organised</li> <li>- % of women in SHGs and NaRM-Gs</li> </ul>	<p>Progress Reports</p> <p>Annual Reports</p> <p>M&amp;E Reports</p> <p>NGOs Reports</p> <p>RIMS survey</p> <p>Missions observations</p>		<p>Target group willing to participate in the programme activities and have enough time to attend group meetings; Human resources for successful interventions</p>



<b>OUTPUTS:</b> 1.2.1 Services of 30 FNGOs engaged and deployed 1.2.2 Some 12 training organised to NGO staff 1.2.3 Some 12 exposure visits organised for NGO staff	<ul style="list-style-type: none"> <li>- Number of NGOs recruited and deployed</li> <li>- Number of NGO staff trained</li> <li>- Number of female staff trained</li> <li>- Number of HH &amp; villages covered</li> </ul>	NGO Reports Progress Reports Annual Report	<ul style="list-style-type: none"> <li>- MoU with 30 NGOs signed</li> <li>- 37 trainings for NGOs</li> <li>- 88 exposures organised for NGOs</li> </ul>	available  Committed number of NGOs exists
<b>COMPONENT 2: LIVELIHOODS ENHANCEMENT</b>				
<b>Sub-component- 2.1: Economic Livelihood Activities</b>				
<b>OUTCOME:</b> Target groups' incomes enhanced through a range of farm and non-farm activities using participatory approaches and adopting sustainable use of land and other resources  <b>OUTPUTS:</b> 2.1.1 Some 1760 ha horticulture units developed 2.1.2 Some 168 mushroom units supported 2.1.3 Some 844 apiculture units supported 2.1.4 Some 669 vermi-compost units supported 2.1.5 About 1257 ha of field crops supported 2.1.6 Over 128 units of paddy cum pisciculture units supported 2.1.7 About 1143 piggery, goatery,	<ul style="list-style-type: none"> <li>- % increase in HH incomes of target groups</li> <li>- Diversification in sources of incomes</li> <li>- Increase in assets accumulation of participating HHs</li> <li>- % of women reporting reduction in drudgery</li> </ul> <ul style="list-style-type: none"> <li>- Area developed by crop type</li> <li>- Number of mushroom units supported</li> <li>- Number of apiculture units supported</li> <li>- Number of vermin-compost units supported</li> <li>- Area under crop agriculture support by type</li> <li>- Area and number of paddy-pisciculture units</li> <li>- Number of livestock units supported by type</li> <li>- Number , length and area covered</li> <li>- Number and type of technology disseminated</li> <li>- Number of NFE supported</li> <li>- Number of beneficiaries by type and category</li> <li>- % of women beneficiaries by type &amp; category</li> </ul>	Progress Reports Annual Reports M&E Reports NGOs Reports RIMS survey District reports	The AOS finds that majority households have achieved income diversification and enhancement  <ul style="list-style-type: none"> <li>- 3090 hac on horticulture</li> <li>- 3 units of mushroom</li> <li>- 82 units of apiculture</li> <li>- 1007 ha of field crops</li> <li>- 89 units of paddy-pisciculture</li> </ul>	Positive response from the communities; Support from the concerned line agencies; Market demand exists; communities willing to contribute 30% of costs

ducks, dairy units supported 2.1.8 Some 119 km irrigation channels constructed 2.1.9 Technology transfer on new & improved farming practices 2.1.10 Some 400 units of non-farm enterprises supported			<ul style="list-style-type: none"> <li>- 2619 units on livestock</li> <li>- 167 kms on irrigation canals</li> <li>- 1628 units of non-farm enterprises</li> </ul>	
<b>Sub-component- 2.2: Revolving Fund &amp; Micro-credit</b>				
<b>OUTCOME:</b> Access of the communities to rural financial and credit services enhanced  <b>OUTPUTS:</b> 2.2.1 Over 20,000 SHGs have improved access to micro-credit 2.2.2 Some 400 NaRM-G have access to credit support 2.2.3 Some 6 local MFIs set up and their capacity enhanced	<ul style="list-style-type: none"> <li>- % of HHs availing credit services from SHG and NaRM-Gs</li> <li>- Loan outstanding by type of institution</li> <li>- % recovery of loans</li> <li>- Average interest rates applied and clients perceptions</li> <li>- Number of SHG have access to credit</li> <li>- Number of NaRM-G have access to credit</li> <li>- Number of MFIs set up</li> <li>- Number of accounts MFIs operating</li> <li>- Number of Loan accounts by type of CBO</li> <li>- Number of individual clients benefited</li> <li>- Number of women clients benefited</li> </ul>	Progress Reports Annual Reports M&E Reports RIMS survey District reports	Almost all members of SHGs save regularly and have borrowed at least once from SHGs.  <ul style="list-style-type: none"> <li>- 1600 SHGs have access to credit</li> <li>- 254 NaRM-Gs have access to credit</li> </ul>	Credible MFIs exist and they are operating in remote locations
<b>COMPONENT 3: SOCIAL SECTOR DEVELOPMENT</b>				
<b>Sub-component- 3.1: Drinking water supply, community health care and sanitation</b>				
<b>OUTCOME:</b> Access of the communities to safe drinking water improved and better sanitation provided with effective community participation.	<ul style="list-style-type: none"> <li>- % HH increase in access to safe drinking water</li> <li>- % of HH reporting improved sanitation</li> <li>- % of community participation in O&amp;M of facilities created.</li> <li>- % of women reporting saving of time</li> <li>- People's perception about the benefits</li> <li>- % HHs reporting health improvement</li> </ul>	Progress Reports Annual Reports M&E Reports RIMS survey District reports		Potential for developing gravity DWS exists; communities willing to participatory approaches and accept responsibility for O&M

<b>OUTPUTS:</b> 3.1.1 Some 300 gravity DWS units of 5000 lit capacity installed 3.1.2 Some 102 gravity DWS units of 20000 lit capacity installed 3.1.3 Over 402 km of poly pipelines installed 3.1.4 Nearly 14000 low cost latrines constructed	<ul style="list-style-type: none"> <li>- Number of gravity DWS units installed</li> <li>- Number of large, gravity DWS units installed</li> <li>- Number and lengths of polylines installed</li> <li>- Number of LCL constructed</li> <li>- Number of villages benefited</li> <li>- Number of HHs benefited</li> </ul>		<ul style="list-style-type: none"> <li>- 626 units of DWS of 5000 lit capacity, 152 units of DWS of 20,000 lit capacity</li> <li>- 444 kms of poly pipelines installed</li> <li>- 14,602 LCL constructed</li> </ul>	
<b>COMPONENT 4: RURAL ROADS AND RURAL ELECTRIFICATION</b>				
<b>Sub-component- 4.1: Village roads and rural electrification</b>				
<b>OUTCOME:</b> Access of the communities to markets, health services and education and energy improved and enhanced.	<ul style="list-style-type: none"> <li>- % increase in marketable produce</li> <li>- % improvement in health, perception of people</li> <li>- % HHs reporting income increases due to market access</li> <li>- overall perception of People</li> </ul>	Progress Reports Annual Reports M&E Reports RIMS survey District reports	AOS finds positive evidence reported by the households in this regard.	Potential for development exists; communities willing to participatory approaches and accept responsibility for O&M
<b>OUTPUTS:</b> 4.1.1 About 114 kacha & 24 pucca CFC constructed 4.1.2 Nearly 139 km of rural roads constructed 4.1.3 Some 12 micro-hydel units installed 4.1.4 Some 6 windmills installed 4.1.5 Some 6 solar power system installed 4.1.6 Some 6 solar power and windmills installed 4.1.7 Some 36 km transmission lines installed	<ul style="list-style-type: none"> <li>- Number of CFCs constructed</li> <li>- Number &amp; length of roads constructed</li> <li>- Number of micro-hydels installed</li> <li>- Number of windmills constructed</li> <li>- Number of solar power system installed</li> <li>- Number of villages benefited</li> <li>- Number of HHs benefited</li> </ul>	Progress reports Annual Reports M&E Reports RIMS survey District reports	<ul style="list-style-type: none"> <li>- 87 kacha &amp; 23 pacca CFCs constructed</li> <li>- 179 kms of rural roads</li> <li>- 64 micro hydel unit installed</li> <li>- 1689 units of solar power</li> </ul>	Prioritisation on community demands
<b>COMPONENT 5: COMMUNITY-BASED BIODIVERSITY CONSERVATION AND COMMUNICATION</b>				
<b>Sub-component- 5.1: Bio-diversity conservation and research</b>				
<b>OUTCOME:</b> Natural resources and	<ul style="list-style-type: none"> <li>- % of people aware of new production</li> </ul>	Progress Reports		Line departments

biological diversity conserved, and environmentally sustainable production systems introduced.	<p>systems introduced.</p> <ul style="list-style-type: none"> <li>- Income increases of landless HHs</li> </ul>	<p>Annual Reports M&amp;E Reports RIMS survey District reports</p>		<p>identify potential sites; grassroots institutions and communities take interest</p>
<p><b>OUTPUTS:</b></p> <p>5.1.1 About 1306 ha of regeneration, herbs and MAP and pasture plots are promoted as research and demo plots</p>	<ul style="list-style-type: none"> <li>- Area demonstrated by type and village</li> <li>- Number of beneficiaries benefited</li> <li>- Number of women benefited</li> </ul>	<p>Progress Reports Annual Reports M&amp;E Reports RIMS survey District reports</p>	<ul style="list-style-type: none"> <li>- 1187 Hac of regeneration, herbs and MAP and pasture plots</li> </ul>	<p>Prioritisation on community demands</p>
<b>Sub-component- 5.2: Forestry development</b>				
<p><b>OUTCOME:</b> Environmentally sustainable, community-acceptable NTFP and forestry production systems introduced and good practices demonstrated to village communities</p>	<ul style="list-style-type: none"> <li>- % of people aware of the technology demonstrated.</li> <li>- % increase in NTFP</li> <li>- Income increases of landless HHs</li> </ul>	<p>Progress Reports Annual Reports M&amp;E Reports RIMS survey District reports</p>	<p>Measures have been implemented and communities have adopted the same. Qualitative findings to be gathered through studies.</p>	<p>Line departments identify potential sites; grassroots institutions and communities take interest</p>
<p><b>OUTPUTS:</b></p> <p>5.2.1 Some 584 ha of NTFP plantations demonstrated</p> <p>5.2.2 About 1406 ha of agro-forestry units demonstrated</p>	<ul style="list-style-type: none"> <li>- Area planted to NTFP by type &amp; village</li> <li>- Area put to agro-forestry by type &amp; village</li> <li>- Number of beneficiaries benefited</li> <li>- Number of women benefited</li> </ul>		<ul style="list-style-type: none"> <li>- 499 hac under NTFP plantations</li> <li>- 760 hac under forestry</li> </ul>	
<b>Sub-component- 5.3: Communication and knowledge management</b>				
<p><b>OUTCOME:</b> Information and knowledge sharing on good practices and production systems between communities enhanced and disseminated</p>	<ul style="list-style-type: none"> <li>- % of target group aware of bio-diversity conservation.</li> <li>- % of people adopted the technology demonstrated</li> </ul>	<p>Progress Reports Annual Reports M&amp;E Reports RIMS survey District reports</p>	<p>Several knowledge sharing initiatives taken up. Effectiveness to be measured through studies.</p>	<p>Communication improves project performance. Communities show interest in new ideas and opportunities</p>

<b>OUTPUTS:</b> 5.3.1 Some 20 staff received training on KM 5.3.2 Some 6 events of media exposure organised 5.3.3 Some 22 newsletters brought out 5.3.4 Success stories & good practices documented & published 5.3.5 Two or more video documents produced 5.3.6 Some 4 NEAT Festivals organised	<ul style="list-style-type: none"> <li>- Number of staff trained by type and gender</li> <li>- Number of media events organised</li> <li>- Number of newsletters launched</li> <li>- Number of documents disseminated</li> <li>- Number of video documents produced</li> <li>- Number of NEAT festival organised</li> </ul>		<ul style="list-style-type: none"> <li>- 27 trainings on KM</li> <li>- 5 training on video documentation</li> <li>- 5 NEAT fest organised</li> </ul>	
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### Appendix 3: Summary of key actions to be taken within agreed timeframes

Action Area	Action Agreed	Date	Whom	Progress
Overall Assessment of Project Implementation	1. Effort for convergence should be continued and pursued vigorously with district officers of line departments along with linking the CBOs for greater sustainability	30 Sep 2016	DST & PSU	
Outputs	2. Action to improve the quality of SHGs graded as below average should be initiated and prioritized	30 Sep 2016	DST & PSU	
	3. Collect and consolidate data on livelihoods supported through loans from SHGs for use in the PCR	30 Sep 2016	DST & PSU	
	4. Collect input-output data for key livelihood activities for use in the PCR	30 Sep 2016	DST & PSU	
	5. Develop project briefs for key livelihood activities to leverage investments through convergence	30 Sep 2016	DST & PSU	
	6. Focus on collective marketing initiatives through a campaign among NaRMGs and SHGs; train representatives of CBOs	30 Sep 2016	DST & PSU	
	7. Debrief participants in marketing events, consolidate their learnings and support/facilitate requirements for change in production systems to meet market demand	30 Sep 2016	DST & PSU	
	8. For food products marketed under NEAT brand, strengthen periodic testing protocols, maintain documentation and increase awareness of communities on appropriate quality standards	30 Sep 2016	DST & PSU	
	9. Improve savings effort in SHGs through various measures	30 Sep 2016	DST & PSU	
	10. Review suitability of loan products for local livelihood activities and restructure if necessary	30 Sep 2016	DST & PSU	
	11. Train SHGs and federations in loan structuring and pricing	30 Sep 2016	DST & PSU	
	12. Introduce federations to banks and explore options of their acting as agents of banks for loan origination and monitoring	30 Sep 2016	DST & PSU	
	13. Planned transformation of SHG Apex federations in to a commercial form with shareholder ownership	30 Sep 2016	DST & PSU	
	14. Organise exposure visits for key personnel from relevant government departments in districts and	30 Sep 2016	DST & PSU	

	local bank branches to project villages and interactions between them and CBOs to facilitate convergence			
	15. Collect outcome and impact data pertaining to CCAs for PCR	30 Sep 2016	DST & PSU	
Project implementation progress	16. Focus on consolidation of learnings, strengthening of institutions and enable learning across the project	30 Sep 2016	DST & PSU	
	17. Ensure that CBOs resolve to apply revolving funds and other similar assets appropriately, consistent with original objectives	30 Sep 2016	DST & PSU	
Fiduciary Aspects	18. NaRMGs to furnish Utilization Certificates in respect of unutilized project funds lying with them as on 31 March,2016	DST	31 Aug 2016	
	19. Fixed Assets across the project should be physically verified and documentarily evidenced	30 Sep 2016	DST & PSU	
	20. Stale cheques need to be revalidated or book entries reversed as appropriate	30 Sep 2016	DST & PSU	
Other/PCR	21. Initiate actions for PCR processes, prepare the PCR as per IFAD guidelines provided and submit it to IFAD.	PSU	15 Dec 2016	



## Appendix 4: Physical progress measured against AWP&B, including RIMS indicators

Outputs by component	Indicator	Period: April 2015 to March 2016					
		(Physical) Targets					
		AWP&B (planned)	Actual (achieved)	%	Appraisal (Global)	Cumulative (so far)	%
<b>Component 1 - Sub-component 1.1 Community &amp; Other stakeholders capacity building</b>							
<i>Output 1.1.1</i> Staffs of Partner NGOs trained in community mobilisation & PRA	- 126 trainings will be imparted to the project CBO and Partner NGOs	175	191	109	156	2700	100
<i>Output 1.1.2</i> Staff training of PSU & DST	- 214 trainings will be carried out for project staff and stakeholders	34	58	171	214	226	106
<i>Output 1.1.3</i> Trainings for NaRM-Gs and SHGs	- Some 400 PRA exercises will be carried out				400	486	122
	- 30 Training on Entrepreneurship & skill development	12	25	208	30	200	667
	- 36 Training on Horticulture activity	12	27	225	36	150	417
	- 24 Training on MAP	2	2	100	24	40	167
	- 30 Training on Animal husbandry and dairy	14	27	193	30	117	390
	- 24 Training on Sericulture	1	1	100	24	10	42
	- 24 Training on Khadi and village industry training	1	1	100	24	7	29
	- 24 Training on Fishery	6	6	100	24	26	108
	- 24 Training on Non-farm sector	19	23	121	24	75	313
	- 24 Training on Exposure visit				24	111	463

	- 12 Training on Masonry training to CBOs				12	19	158
	- 2 Training on renewable energy & rural electrification				2	6	300
	- 4 Training on Skill development for para professionals				4	6	150
<b>Component 1 - Sub-component 1.2</b>							
<b>Support to FNGOs</b>	30 NGO recruited in assisting project implementation	30	30	100	30	30	100
<i>Output 1.2.1</i> Local Partners performed task as per MoU							
<b>Component 2 - Sub-component 2.1</b>							
<b>Economic Livelihood Activities</b>	1760 units (1760 hectares) financed	147	148	101	1760	3090	176
<i>Output 2.1.1:</i> Farm Based: Horticulture : Farmers supported financially to undertake horticulture activities	168 mushroom units financed				168	3	2
<i>Output 2.1.2:</i> Farm Based: Mushroom: Farmers supported financially to undertake development of mushroom units	844 apiculture units financed	19	19	100	844	82	10
<i>Output 2.1.3:</i> Farm Based: Apiculture: Farmers supported financially to undertake development of apiculture units	669 vermi-compost units financed	9	9	100	669	9	1
<i>Output 2.1.4:</i> Farm Based: Vermi- compost: Farmers supported financially to undertake development of vermi- compost units	1257 ha of agriculture field crops financed	56	57	102	1257	1007	80

<i>Output 2.1.5: Farm Based: Agriculture field crops : Farmers supported financially to undertake development of field crop activities</i>	128 units of paddy cum pisciculture units financed supported	3	3	100	128	89	70
<i>Output 2.1.6: Farm Based: Paddy cum pisciculture: Farmers supported financially to undertake development of paddy cum pisciculture units</i>	1143 livestock based activities financed	147	147	100	1143	2619	229
<i>Output 2.1.7: Farm Based: Livestock: Farmers supported financially to undertake development of livestock units</i>	119 km irrigation channels constructed	5.47	8.5	155	119	167	140
<i>Output 2.1.8: Farm Based: Irrigation: Farmers supported financially to undertake development of irrigation canals</i>							
<i>Output 2.1.9: Technology transfer on new &amp; improved farming practices</i>	400 units of non-farm enterprises financed	105	105	100	400	1565	391
<i>Output 2.1.10: Non- Farm Based: Farmers supported financially to undertake development of Non- Farm activities</i>							
<b>Component 2 - Sub-component 2.2</b>							
<b>Revolving Fund &amp; Micro-credit</b>	2000 SHGs have improved access to micro-credit				2000	1600	80 <sup>9</sup>
<i>Output 2.2.1: Revolving fund &amp; Micro credit: SHGs having access to revolving funds for micro credit</i>	400 NaRM-G have access to credit support				400	254	63.5

<sup>9</sup> While this seems to be shortfall in achievement, the project in fact made efficient use of resources by forming groups with 13 members on an average (against the design assumption of 10 members per group). The number of women members at 21292, exceeded the project target of 20000 and all these members have access to savings and credit services.

<i>Output 2.2.2: Revolving fund &amp; Micro credit: NaRM-Gs having access to revolving funds for micro credit</i>							
<i>Output 2.2.3: Revolving fund &amp; Micro credit: Apex SHGs turning into MFIs and having access to revolving funds for micro credit</i>	6 local MFIs set up and their capacity enhanced				6	4	66.6
<b>COMPONENT 3 – Sub-component 3.1</b>							
<b>SOCIAL SECTOR DEVELOPMENT</b>							
<i>Output 3.1.1: Safe drinking water: NaRM-Gs supported financially to undertake safe drinking water activities</i>	300 gravity DWS units of 5000 lit capacity financed	82	82	100	300	626	209
<i>Output 3.1.2: Safe drinking water: NaRM-Gs supported financially to undertake safe drinking water activities</i>	Some 102 gravity DWS units of 20000 lit capacity financed	15	15	100	102	152	149
<i>Output 3.1.3: Safe drinking water: NaRM-Gs supported financially to undertake safe drinking water activities through poly pipelines</i>	402 km of poly pipelines financed	95.81	95.91	100	402	444	110
<i>Output 3.1.4: Low cost Latrines: Households supported financially to undertake low cost latrines</i>	14000 low cost latrines financed	1493	1493	100	14000	14602	104
<b>COMPONENT 4- Sub-component 4.1</b>							
<b>RURAL ROADS AND RURAL ELECTRIFICATION</b>							

<i>Output 4.1.1: NaRM-Gs supported financially to construct Common Facility Centres (CFC)</i>	114 kacha & 24 pucca CFCs financed	7kacha	7 kacha	100	114 kacha, 24 pucca	87 kacha, 23 pucca	80
<i>Output 4.1.2: Rural Roads: NaRM-Gs supported financially in constructing rural roads</i>	139 km of rural roads financed	7.78	7.95	100	139	179	129
<i>Output 4.1.3: Rural Electrification: NaRM-Gs supported financially in establishing micro-hydel units</i>	12 micro-hydel units financed				12	64	533
<i>8.33Output 4.1.4: Rural Electrification: NaRM-Gs supported financially in establishing windmill units</i>	6 windmills financed				6		
<i>Output 4.1.5: Rural Electrification: NaRM-Gs supported financially in establishing solar power systems</i>	6 solar power system financed	238	239	100	6	1689	28150
<i>Output 4.1.6: Rural Electrification: NaRM-Gs supported financially in establishing wind mills and solar power systems</i>	6 solar power and windmills financed				6		
<i>Output 4.1.7: Rural Electrification: NaRM-Gs supported financially in establishing transmission lines</i>	36 km transmission lines financed				36		
<b>COMPONENT 5 – Sub-component5.1</b>							

<b>COMMUNITY-BASED BIODIVERSITY CONSERVATION AND COMMUNICATION</b>							
<i>Outcome 5.1.1: Biodiversity Conservation &amp; Research: Communities supported financially to develop regeneration, herbs and MAP and pasture plots are promoted as research and</i>	1306 ha of regeneration, herbs and MAP and pasture plots are promoted as research and demo plots	65	69	106	1306	1187	91
<b>Sub-component- 5.2: Forestry development</b>							
<i>Output 5.2.1 Forestry Development: Communities supported financially to establish NTFP plantations</i>							
<i>Output 5.2.2: Forestry Development: Communities supported financially in establishing forestry development and small scale engineering works</i>	584 ha of NTFP plantations financed	5	5	100	584	499	85
<b>Sub-component- 5.3: Communication and knowledge management</b>	1406 ha of forestry development and small scale engineering works financed	5	5	100	1406	760	54
<i>Output 5.3.1: Communications &amp; KM: Project staff receiving training on communications and KM</i>	20 staff received training on KM	1	1	100	20	27	135
<i>Output 5.3.2: Communications &amp; KM: Media persons exposed to project activities</i>	6 events of media exposure financed				6	2	33
<i>Output 5.3.3: Communications &amp; KM: Project will organise Neat Fest for SHG members</i>	4 NEAT Festivals financed	1	1	100	4	4	100

<i>Output 5.3.4:</i> Communications & KM: Project will produce Newsletters on quarterly basis	22 newsletters financed	3	3	100	22	15	68
<i>Output 5.3.5:</i> Communications & KM: Project will document and produce success stories & good practices	Success stories & good practices documented & published						
<i>Output 5.3.6:</i> Communications & KM: Project will finance in the production of Video documentaries	Two or more video documents financed						





## Appendix 5: Financial: Actual financial performance by financier; by component and disbursements by category

**Table 5A: Financial performance by financier as at 31-03-16<sup>10</sup>**

Financier	Appraisal (USD '000)	Revised Allocation MTR (USD '000)	Disbursements (USD '000)	Per cent disbursed Against MTR
IFAD loan	20,211	20,133	17,596	87.55
Government	17,415	11,351	11,186	98.55
Financial Institutions	2,056	0	0	-
Community Contributions	1,602	1,472	2,546	172.96
<b>Total</b>	<b>41,284</b>	<b>32,956</b>	<b>31,328</b>	<b>95.06</b>

**Table 5B: Financial performance by financier by component (USD '000) as at 31-03-2016**

Component	IFAD loan				Government				Financial Institutions				Community				Total			
	Appraisal	MTR	Actual	%	Appraisal	MTR	Actual	%	Appraisal	MTR	Actual	%	Appraisal	MTR	Actual	%	Appraisal	MTR	Actual	%
Capacity Building	1,567	2,247	1,829	81.39	2,373	1,462	1,324	90.56	-	-	-	-	-	-	-	-	3,941	3,709	3,153	85.01
Economic Livelihood Activities	11,729	11,127	10,140	91.13	2,866	2,122	2,535	119.46	2,056	-	-	-	954	660	1,141	172.88	17,606	13,909	13,816	99.33
Social Sector Activities	1,727	-	-	-	559	-	-	-	-	-	-	-	226	-	-	-	2,512	-	-	-
Village Road and Rural Electrification	4,176	5,899	5,044	85.51	1,465	737	1,261	171.10	-	-	-	-	422	737	1,277	173.27	6,063	7,373	7,582	102.83
Community Biodiversity Conservation (NRM)	1,011	860	613	71.28	241	78	262	335.90	-	-	-	-	-	75	128	170.67	1,252	1,013	1,003	99.01
Project Management	-	-	-	-	9,910	6,952	5,804	83.49	-	-	-	-	-	-	-	-	9,910	6,952	5,804	83.49
<b>Total</b>	<b>20,210</b>	<b>20,133</b>	<b>17,626</b>	<b>87.55</b>	<b>17,414</b>	<b>11,351</b>	<b>11,186</b>	<b>98.55</b>	<b>2,056</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,602</b>	<b>1,472</b>	<b>2,546</b>	<b>172.96</b>	<b>41,284</b>	<b>32,956</b>	<b>31,358</b>	<b>95.15</b>

<sup>10</sup> The financial performance % differs between the three tables (5A, 5B and 5C) on account of exchange rate differences..

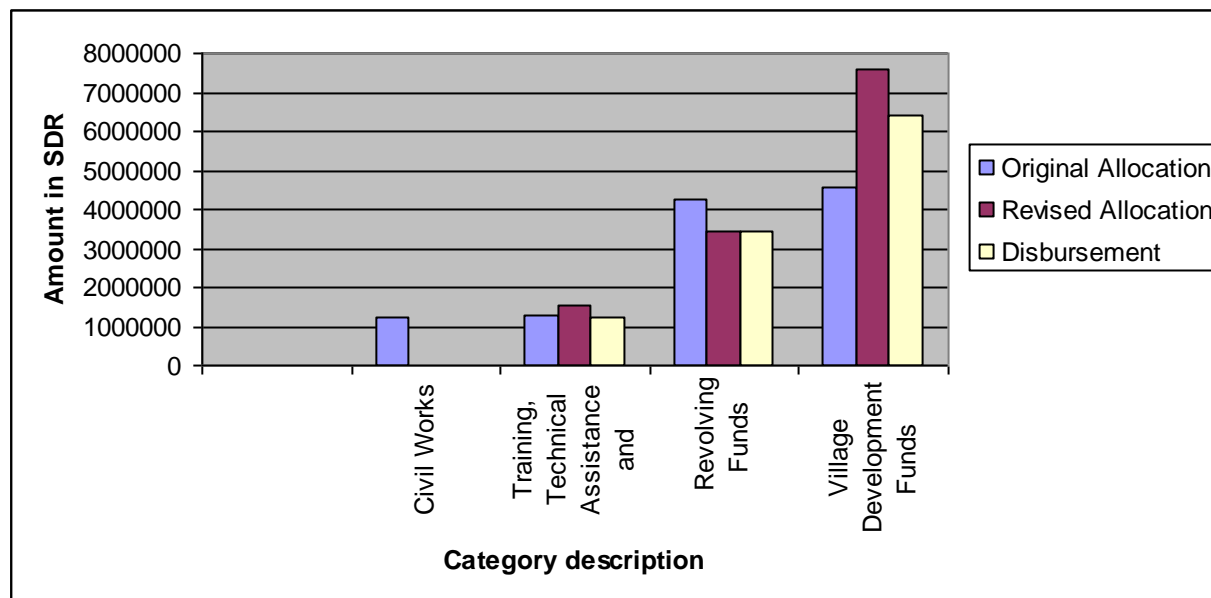
Note : 1 USD = INR 53 up to March 2014 and 1 USD = INR 60 from April, 2014

**Table 5C: IFAD loan disbursements (SDR, as at 18-04-16)**

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
I	Civil Works	1,250,000	-	-	-	-	-
II	Training, Technical Assistance and Consultants	1,300,000	1,553,500	1,21,1323	182,330	159,847	77.97
III	Revolving Funds	4,250,000	3,455,800	3,456,694	-	(894)	100.03
IV	Village Development Funds	4,540,000	7,590,700	6,423,487	281,403	885,810	84.62
V	Unallocated	1,260,000	-	-	-	-	-
	Initial deposit		-	548,233	-	(548,233)	100.00
	<b>Total</b>	<b>12,600,000</b>	<b>12,600,000</b>	<b>11,639,737</b>	<b>463,733</b>	<b>496,530</b>	<b>92.38</b>

The SDR value for pending WA calculated as per last reimbursement ,i.e. INR 93.362000 = 1 SDR

**Figure 1: IFAD loan/grant disbursement, comparisons between original and revised allocations and actual disbursement**



NB: pending WAs will be submitted prior to completion date on 30 September 2016.

## Appendix 6: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/ Action Due Date	Compliance Status/Date	Remarks
<b>Section 7.01(b)(i)</b>	<i>Annual Work Plans and Budgets.</i> (a) The Project shall be implemented on the basis of an Annual Work Plan and Budget (AWPB). The LPA shall prepare a draft AWPB based on the draft AWPBs prepared by the various Project Parties. Each draft Project AWPB shall include, among other things, a detailed description of the planned Project activities during the coming Project Year, a Procurement Plan and the sources and uses of funds.	Ongoing	Complied with	
<b>Section 7.01(b)(ii)</b>	Before each Project Year, the LPA shall submit the draft Project AWPB to the Fund for comments no later than sixty days before the beginning of the relevant Project Year. If the Fund does not comment on the draft Project AWPB within thirty days of receipt, the AWPB shall be deemed acceptable by the Fund.	January 31,2016	Complied with. AWPB sent to IFAD on January 26, 2016	
<b>Section 7.05</b>	<i>Procurement.</i> Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the Borrower/ Recipient's procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines. Each Procurement Plan shall identify procedures which must be implemented by the Borrower/ Recipient in order to ensure consistency with the IFAD Procurement Guidelines.	Ongoing	Complied with	
<b>Section 7.08</b>	<i>Insurance.</i> (a) The Borrower/Recipient or the LPA shall insure all goods and buildings used in the Project against risks and in such amounts as shall be consistent with sound commercial practice. (b) The Borrower/Recipient or the LPA shall insure the goods imported for the Project which are financed by the Financing against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation in accordance with sound commercial practice.	Ongoing	Complied with	
<b>Section 7.11</b>	<i>Key Project Personnel.</i> The Borrower/ Recipient or the LPA shall appoint the Project Director and all other key Project personnel in the manner specified in the Agreement or otherwise approved by the Fund. All key Project personnel shall have qualifications and experience specified in the Agreement or otherwise approved by the Fund. The Borrower/ Recipient shall exercise best efforts to	Ongoing	Complied with	

	ensure continuity in key Project personnel throughout the Project Implementation Period. The Borrower/Recipient or the LPA shall insure key Project personnel against health and accident risks to the extent consistent with sound commercial practice or its customary practice in respect of its national civil service, whichever is appropriate.			
<b>Section 7.13</b>	<i>Allocation of Project Resources.</i> The Borrower/ Recipient and the Project Parties shall ensure that the resources and benefits of the Project, to the fullest extent practicable, are allocated among the Target Population using gender disaggregated methods.	Ongoing	Complied with	
<b>Section</b>	<b>Covenant</b>	<b>Target/ Action Due Date</b>	<b>Compliance Status/Date</b>	<b>Remarks</b>
<b>Section 7.14</b>	<i>Environmental Factors.</i> The Borrower/ Recipient and the Project Parties shall take all reasonable measures to ensure that the Project is carried out with due diligence in regard to environmental factors and in conformity with the national environmental laws and any other international treaties to which the Project Member State may be a party. In particular, the Project Parties shall maintain appropriate pest management practices under the Project and, to that end, the Borrower shall ensure that pesticides procured under the Programme do not include any pesticide either proscribed by the International Code of Conduct on the Distribution and Use of Pesticides of the Food and Agriculture Organisation of the United Nations (FAO), as amended from time to time, or listed in Tables 1 (Extremely Hazardous) and 2 (Highly Hazardous) of the WHO Recommended Classification of Pesticides by Hazard and Classification 1996-1997, as amended.	Ongoing	Complied with	
<b>Section 8.01</b>	<i>Implementation Records.</i> The Borrower/ Recipient shall ensure that the Project Parties maintain records and documents adequate to reflect their operations in implementing the Project (including, but not limited to, copies or originals of all correspondence, minutes of meetings and all documents relating to procurement) until the Project Completion Date, and shall retain such records and documents for at least ten years thereafter.	Ongoing	Complied with	
<b>Section 8.02</b>	<i>Monitoring of Project Implementation</i> The LPA shall: (a) establish and thereafter maintain an appropriate information management system in accordance with the Fund's Guide for Project Monitoring and Evaluation with which it shall continuously monitor the Project; (b) during the Project Implementation Period, gather all data and other relevant information (including any and all information requested by the Fund) necessary to monitor the progress of implementation of the Project and the achievement of	Ongoing	Complied with	

	its objectives; and (c) during the Project Implementation Period and for at least ten years thereafter, adequately store such information, and, promptly upon request, make such information available to the Fund and its representatives and agents.			
<b>Section 8.03</b>	<i>Progress Report and Mid-Term Reviews:</i>			
	(a) The Borrower/Recipient or the LPA The Borrower/Recipient or the LPA shall furnish to the Fund periodic progress reports on the Project, in such form and substance as the Fund shall reasonably request. At a minimum, such reports shall address (i) quantitative and qualitative progress made in implementing the Project and achieving its objectives, (ii) problems encountered during the reporting period (iii) steps taken or proposed to be taken to remedy these problems and (iv) the proposed programme of activities and the progress expected during the following reporting period.	Ongoing	Complied with. Mid Term Review was done in 2013. The half yearly progress report and the annual progress reports were sent to IFAD on October 28, 2015 and April 21, 2016 respectively.	

Section	Covenant	Target/ Action Due Date	Compliance Status/Date	Remarks
<b>Section 9.01</b>	<i>Financial Records.</i> The Project Parties shall maintain separate accounts and records in accordance with consistently maintained appropriate accounting practices adequate to reflect the operations, resources and expenditures related to the Project until the Financing Closing Date, and shall retain such accounts and records for at least ten years thereafter.	Ongoing	Complied with	
<b>Section 9.02</b>	<i>Financial Statements.</i> The Borrower Recipient shall deliver to the Fund detailed financial statements of the operations, resources and expenditures related to the Project for each Fiscal Year prepared in accordance with standards and procedures acceptable to the Fund and deliver such financial statements to the Fund within four months of the end of each Fiscal Year.	July 31, 2015	Complied with. The un-audited accounts of 2014-15 were sent to IFAD on 24.6.2015	
<b>Section 9.03</b>	<i>Audit of Accounts</i> The Borrower/ Recipient shall:			
	(a) each Fiscal Year, have the accounts relating to the Project audited in accordance with the auditing standards acceptable to the Fund and the Fund's "Guidelines on Programme Audits (for Borrowers' Use)" by independent auditors acceptable to the Fund; (b) within six months of the end of each Fiscal Year, furnish to the Fund a certified copy of the audit report. The Borrower/ Recipient shall submit to the Fund the reply to the management letter of the auditors within one month of receipt thereof;	September 30, 2015	Complied with. The audited accounts for the year 2014-15 were sent to IFAD on September 28, 2015.	

<b>Section 10.03</b>	<i>Visit, Inspections and Enquiries</i> The Borrower/ Recipient and the Project Parties shall enable agents and representatives of the Fund from time to time to; (a) visit and inspect the Project, including any and all sites, works, equipment and other goods used for Project-related purposes; (b) examine the originals and take copies of any data, accounts, records and documents relevant to the Financing, the Project, or any other Project Party; and (c ) visit, communicate with and make enquiries of all Project personnel and any staff member of the Project Party.	Ongoing	Complied with	
<b>Section 10.05</b>	<i>Evaluations of the Project</i> The Borrower/ Recipient and each Project Parties shall facilitate all evaluations and reviews of the Project that the Fund may carry out during the Project Implementation Period and for ten years thereafter.	Ongoing	Complied with	
<b>Additional General Conditions</b>	No withdrawal shall be made from the Loan Account until audit observations, if any, outstanding for a period exceeding twelve months from the date of receipt of the management letter prepared by the external auditors relating to the activities falling under NERCORMP, shall have been clarified and addressed to the satisfaction of the Fund.	Ongoing	Complied with	
<b>Additional Specific Condition</b>	No withdrawal shall be made from the Loan Account in respect of all categories of the Allocation Table, except Category II (Training, Technical Assistance and Consultants) until the Project Implementation Manual referred to in paragraph 11, Schedule I of the Financing Agreement shall have been duly amended and finalized by the LPA to the satisfaction of the Fund.	Ongoing	Complied with	

Section	Covenant	Target/ Action Due Date	Compliance Status/Date	Remarks
<b>Special Covenants</b>	1. The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Borrower's relevant national policies and of the Fund's relevant policies including, but not limited to, the Fund's Policy on Engagement with Indigenous Peoples	Ongoing	Complied with	
	2. In line with the geographical targeting strategy followed by NERCORMP, the Lead Project Agency shall cause the Regional Society to endeavour that all villages selected by the District Administration(s) be aligned to the criteria agreed with the Fund and specified in the NERCORMP design documents, as amended from time to time.	Ongoing	Complied with	
	3. In line with the targeting strategy followed by NERCORMP, the	Ongoing	Complied with	

	Lead Project Agency shall cause the Regional Society to endeavour that all partner NGOs, SHG Federations and NaRM-G Cluster Associations contracted under the Project be selected according to the criteria agreed with the Fund and specified in the NERCORMP design documents, as amended from time to time.			
	<b>4.</b> The Borrower and the Lead Project Agency shall undertake a review of the effectiveness of management, administrative, financial and auditing arrangements, jointly with the Fund, no later than the end of the first year of the effective date of the New Project. The Borrower shall ensure that the recommendations resulting from such review are implemented within the specified time thereof so as not to adversely affect effective implementation of NERCORMP-II	Ongoing	Complied with	





## Appendix 7: Knowledge management: Learning and Innovation

### Learning

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- (a) In **Dima Hasao**, formation of SHG Federation in the district was initiated 2 years back. During the initial phase of formation, the members were unable to differentiate between the roles of SHG and SHG Federation and thought that Federation is only grouping of SHGs. With the initiative of DST and Partner NGOs, all the SHG federations have been registered and bank accounts have been opened. With continuous capacity building programmes initiated by Partner NGOs & DST, they are able to understand the importance and role of SHG Federation. Now, it has been observed that the Federations can effectively contribute towards social development issues related to health, education, gender mainstreaming, alcoholism etc. The SHG Federations are also taking up marketing issues of SHGs products as well as marketing skills development of the SHGs members, besides taking up issues of convergence with various line departments in Dima Hasao district.
- (b) One of the key components of NERCORMP is capacity building which is executed through various exposure and training programmes. This strategy is highly effective in the case of developing community based resource persons (CRPs) in different sectors such as livestock rearing, nonfarm activities, etc. Acting as trained paramedics, these CRPs have been very effective in delivering services related to the project as well as support line department initiatives particularly in **Karbi Anglong**. However, in the absence of a standard process of certification of CRPs, it becomes difficult for CRPs to take advantage of their skill-sets and apply the same as an independent source of livelihood. CRP's standards vary across project districts and states. Therefore, it will be good to design and develop a recognised occupational standard under the National Skill Qualification Framework so that it is uniform across the project states/districts.
- (c) **Conflict resolution through Joint fellowship and persuasion in Ukhrul district.** Working with the communities, the facilitating NGOs enabled in acquiring multiple experiences in different capacities such as leadership, working with illiterate/semi-literate communities, accounting, co-ordination among different groups with diverse background and so on. Because of their intensive engagement with the communities, they have also been able to become familiar with the overall psychology of the communities including in conflict resolution through persuasion and patience. This is well understood from the example of one Ngachonmi NaRM-G of Shangching village, which has just 75 households but the households are spread over an area of 5 sq km. There arose conflict among the villagers in regard to land boundaries between households which left the partner NGO in the middle of a community dispute. After several rounds of consultative meetings, MANNA partner NGO took initiative and conducted joint fellowship program along with Cluster leaders and leaders from neighbouring villages in consultation with the DST of Ukhrul district. During the several rounds of discussions held, the issues were deliberated at length and causes and consequences of conflicts were analysed. No tangible result could be seen immediately. But the team resolved to go slow and with absolute patience. Finally after about 7 months of persuasion and much analysis, the conflicting households were able to settle their differences in a peaceful and constructive way. Ngachonmi NaRM-G is now functioning smoothly and it is graded as one of the best performing NaRM-G in MANNA operating area in Ukhrul district.

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### Innovation: Describe any interesting innovation noted during supervision

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- (a) **Promotion of traditional crops through festival and celebration.** During the project period through Ngasunmi PNGO, NERCORMP Ukhrul has motivated 15 villages to cultivate/regenerate traditional food crops like Millets and Job's tear. In order to address the marketing issue of these crops, it has been showcased in many exhibition cum sales and other *melas* by highlighting the nutrient and medicinal content in these cereals. Such 'festivals' at community level had resulted in increased demand for these crops. Now the communities have started farming –both at individual and SHG level to revive the cultivation of millets and job's tear. This intervention has reconnected the communities to their past while showing increase in food production and income.
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- (b) **Emerging partnerships between the communities (NaRMGs), village authorities and church bodies in biodiversity conservation in Ukhurul district.** NERCORMP has been able to create innovative partnerships in Ukhurul district among different community bodies to promote biodiversity conservation. "Green Gospel cum workshop on Climate change" was carried out in 7 partner villages and also as wrap up program on the same topic organized at Talui village from 7<sup>th</sup>-10<sup>th</sup> March 2016 in collaboration with Shomi NaRM-G Cluster Association. This program was carried out with an objective to generate awareness on impact of Climate Change and to propagate values of biodiversity conservation at the grassroot level and also encourage churches and village authorities to take initiative in conservation of forest and management of natural resources for posterity and sustainable livelihood. The program targeted at understanding the symbiotic relationship between Human beings and Nature from religious and scientific perspective, thereby realizing the need for conserving natural resources so as to help reduce excessive and abusive actions. Replicating the impact of participating in such programs was reflected in improving social fencing in the form of adopting policy for conservation of forest and natural resources and also reducing random burning of forests. The emerging partnership is resulting into various initiatives on conservation in Ukhurul district such "Green Gospel" by the church bodies, "Green Village" by the Village Authorities and CCAs by the NaRMGs. Some of the common features of these initiatives include the following rules and regulations for the communities:



**Figure 2 CCA at Somdal village, Ukhurul, Manipur**

- Except for agricultural purposes every village shall strictly abstain from random burning of forest; even for agricultural purpose, the village must follow controlled burning with communities participating in fire management.
  - Every village shall adopt policy for setting fire/use of fire in the forest.
  - Every village shall have community conserved area with minimum of 5 hectare of forest land.
  - Every village shall strictly abstain from hunting of wild animals and shooting of birds in the conserved area.
  - Every village shall strictly abstain from fishing with either electrical current or using chemicals.
  - Every village shall consciously give an effort to reduce using of chemical fertilizer/ insecticide/ pesticide/weedicide etc. in agricultural practices and slowly turn towards chemical free farming practices.
  - Every village shall keep all livestock in-house and shall not allow free grazing of cattle but shall have grazing demarcated area.
  - Every village shall take up tree plantation every year.
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## **Appendix 8: List of Documents to File on (APR xdesk), including detailed working papers.**

- Annex 1 – Project Completion Activities
- Annex 2 - Project Completion Checklist and Tables
- Annex 3 - Indirect beneficiaries' calculation
- Annex 4 - Financial Management