



Investing in rural people

## **Republic of India**

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

#### **Supervision report**

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

Mission Dates: 3–16 May 2015  
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Asia and the Pacific Division  
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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<sup>1</sup>

1. IFAD fielded a Mission during 3-16 May 2015 to jointly review the overall performance and effectiveness of the North Eastern Region Community Resource Management Project for Upland Areas (NERCORMP) and its achievements since the previous joint review in February 2014. Following a brief review meeting with senior PSU staff at Guwahati on 3 May 2015, the Mission, joined by the Acting Managing Director of NERCORMP, senior PSU staff and staff of DSTs and PNGOs visited 27 villages in 12 blocks in six districts<sup>2</sup> in three States during 4-10 May 2015 in three groups. During village visits Mission members saw project activities; interacted with NaRMG and SHG members in village meetings attended by people from several (over 80 in all) neighbouring villages; and attended meetings of staff from PNGOs, DST and sectoral departments in the districts. Regular supervision as per IFAD's direct supervision and implementation support policies, review of implementation progress and providing support to the project team to resolve implementation related issues were the objectives of the Mission.

2. Financed 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 resource base in ways that contribute to preservation and restoration of the environment. Implemented in the States of Assam (Karbi Anglong and Dima Hasao districts), Manipur (Senapati and Ukhrul districts) and Meghalaya (undivided West Khasi Hills and West Garo Hills districts), the objective of the project is to develop natural resources, build critical physical and social infrastructure and promote and capacitate community based organisations to improve livelihoods of vulnerable groups in project villages.

3. The recommendations in this Aide-mémoire were discussed and agreed with the NERCORMP management team. The Mission shared its findings and recommendations in a wrap-up meeting on 14 May 2015 chaired by Mr. Ameising Luikham, IAS, Secretary NEC & Chairman, NERCORMS.

## B. Overall assessment of project implementation

### Overall implementation progress

4. Overall project implementation performance is rated satisfactory. The project is being implemented in a mountainous terrain in three States that are geographically far apart and differ considerably in administrative systems. Poor road and communications network renders coordination, technical support and supervision difficult. The 21 tribes the project works with differ significantly from each other in customs, language, land tenure, local governance and farming systems and access to markets. Often there are multiple tribes in a single village. Outreach of public systems, including banking services is limited. Surmounting these challenges, the project team has built strong partnerships with village communities. Village people met during field visits expressed confidence in the project team and made appreciative mention repeatedly of the transparency they experienced in project implementation.

5. The Project works in 460 villages against targeted 400, covering 20 826 households against targeted 20 000. Coverage of households and villages is nearly even across districts and all project components are operational in all project villages. Given the progress so far, the Project is on course to achieve both its physical and financial targets.

6. Achievement against AWPB is rated satisfactory. About 57% of the financial AWPB targets have been realised in the first three quarters of the financial year. The Project is likely to fully meet the AWPB targets by the end of the year as achievement is typically highest during the last quarter.

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<sup>1</sup> Mission composition: Mr. Deep C. Joshi (Mission Leader; Project Management, Livelihoods, Rural Infrastructure & Convergence), Ms. Saleela Patkar (Institutions & Governance; Gender & Targeting), Mr. Pratul Dube (Financial Management & Procurement), Ms Antonella Cordone, IFAD, PTA, Rome (Tribal People's development issues), Mr. Vincent Darlong, IFAD ICO (NRM; KM & M&E). Mr. D. Khound, Acting Managing Director and senior NERCORMP staff joined the Mission during field visits. The Mission gratefully acknowledges the participation and contributions made to the review by the Acting Managing Director and staff from NERCORMP and PNGOs and the support received from NEC and the three State Governments.

<sup>2</sup> The two original project districts in Meghalaya have been sub-divided and the project is now implemented in four districts in the State, i.e., West Garo Hills, South West Garo Hills, West Khasi Hills and South West Khasi Hills. The number of project blocks and villages, however, remains unchanged, as does the number of District Support Teams and PNGOs.

7. Recommendations of the previous JRM have been complied with. A few of continued relevance, such as convergence with government programmes, scaling up successful activities and exposure to livelihood projects outside the region have been reiterated in this Aide-mémoire.

8. The IFAD loan No. 794-IN for USD 20.211 million became effective on 12 July 2010. The Project completion date is 30 September 2016 and the MTR was done during 22 April-10 May 2013. By 31 December, 2014 the Project had utilized INR 170 million (57%) out of INR 308 million budgeted for the year 2014-15. Cumulative expenditure till 31 December 2014 was INR 1 287 million or 75% of the revised project cost of INR 1 723 million (USD 32.96 million).

### Likelihood of achieving the development objectives

9. Performance is rated as moderately satisfactory. The 491 NaRGMGs and 1 600 women's SHGs promoted by the Project have led to widespread beneficiary participation in project planning and implementation and strong ownership of the project. Women met during village visits repeatedly mentioned access to credit on fair and affordable terms, increased assets and incomes, acquisition of financial skills, greater social interaction and cohesion among project benefits. There is better access to basic services, such as drinking water and sanitation and several remote and isolated villages have been provided road connectivity. Improved farming systems have been introduced and Community Conserved Areas (CCAs) have been created. Based on the performance so far the project is likely to achieve its objectives.

10. Expanding coverage under successful interventions should be a focus area in this last year of implementation. Efforts to facilitate convergence with government programmes must be continued to enable CBOs to build on successes to deepen impact. The Project must measure outcomes and impact to draw lessons and as inputs to the Project Completion Report (PCR) due in a year.

Agreed action	Responsibility	Agreed date
1. Continue meetings with district officers of line departments around convergence under the auspices of the Chairmen of District Societies	DSTs with PSU support	30 Jun 2015 & on-going

## C. Outputs and outcomes

### Components

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

11. **Community institutions.** This component is rated satisfactory. It includes fostering NaRMGs as organisations of all village adults, SHGs as affinity groups of 10 to 20 women and their Federations at Cluster and district levels. The Project has promoted 491 NaRMGs against targeted 400 and 1 600 SHGs against targeted 2 000 with a membership of 21 292 women. It is facilitating induction of the NaRMGs and SHGs into the relevant Associations/Federations promoted under NERCORMP-I. New collectives (e.g. for trading broom grass and related advocacy in Karbi Anglong) are also emerging.

12. The CBOs function as autonomous entities, supporting members to enhance livelihoods. Processes like regular meetings, financial transactions, rotation of representatives, developing agenda for discussions in federations and taking up activities for common good are reasonably institutionalised in the groups. Members stated that participating in groups has empowered them in both public and private spheres to take greater control over local resources. CBOs are graded regularly and as per the latest results tabulated below around 80% are rated average or good.

CBO	Grade A	Grade B	Grade C	To be graded	Total
SHGs	696 (44%)	704 (44%)	136 (9%)	64 (4%)	1 600 (100%)
NaRMGs	186 (38%)	200 (41%)	6 (1%)	32 (7%)	491 (100%)

13. Some of the Federations are engaged in strengthening member groups, including providing small loans. Apex bodies of NaRMGs have facilitated interaction across villages/tribes, opening avenues for greater collaboration. These gains need to be consolidated by strengthening these bodies. Systems of SHG Federations must be harmonised with the respective SRLMs.

14. A large number of Community Resource Persons (CRPs) have been engaged to impart skills, support livelihoods and strengthen CBOs. They have been trained in various skills. A cluster-wise list



of CRPs and their expertise needs to be developed and tracked. As part of the exit strategy, CRPs should be capacitated to support CBOs in the post-project period. Systems should be instituted for CBOs to monitor, manage and pay for CRP services. Additional CRPs for bookkeeping, secretarial support for convergence with government programmes and conflict resolution should be developed.

15. **Partner NGOs.** The Project has engaged 28 Partner NGOs, including NaRMG Federations from NERCORMP-I. They promote and train CBOs and monitor CBO performance. Their role needs to be recast in the remaining project period towards assisting CBOs to draw upon government programmes to address tribal people's issues. Handholding of CRPs in institutional strengthening is another area for PNGO involvement; PNGOs should be provided systematic orientation and exposure for this.

Agreed action	Responsibility	Agreed date
2. Continue to strengthen SHGs, NaRMGs, and Federations to manage operations, livelihood activities and convergence post project; harmonise systems of SHG Federations with State NRLM guidelines	PSU, DST with PNGOs	30 Jun 2015 and on-going
3. Systematically track CRPs at Cluster and Federation level and augment their skill sets to support CBOs in post-project period	PSU with DSTs	30 Sep 2015

## Component 2: Livelihood Enhancement.

16. **Economic livelihood activities.** The performance of this component is rated satisfactory. Physical AWPB targets have been achieved and in a few cases exceeded. Barring in agriculture, all appraisal targets have been exceeded. The Project has supported agriculture and horticulture development, livestock rearing, minor irrigation and non-farm activities. Horticulture development includes cultivation of orange, banana, spices, tuber crops, leafy vegetables, etc. on *jhum* fallows and non-*jhum* land. Women met in village meetings reported increased consumption of leafy vegetables among the gains from the project. Agriculture development includes cultivation of pulses like peas, beans, etc. on *jhum* fallows; pig fattening, goat rearing, poultry, fisheries and dairy are the livestock activities promoted. Livestock rearing is reported to be most successful in West Khasi hills, especially among the landless. Pig fattening and goat rearing are reported to be the most popular livestock enterprises. The Project has taken up demonstration of bokashi system of rearing in Ukhrul district for piggery and poultry. To enhance food security, the project has supported expansion of terracing on hill slopes and minor irrigation. Achievements for key livelihood activities are tabulated below.

	Horticulture, vegetable, spices (ha)	Agriculture, (ha)	Livestock, (Nos.)	Irrigation canals, (km)	Non-farm, (Nos.)
Appraisal Target	1 750	1 057	1 312	119	400
Year 2013-14	536	250	616	25	318
Cumulative Achieved	2 942	864	2 586	158	1 460

17. The Project has conducted demonstrations to introduce new and improved farming practices, including cultivation of winter maize, System of Rice Intensification, floriculture, improved varieties of vegetables, mushroom cultivation, duck-cum-fish culture, kitchen gardens, use of power tiller, solar drying of spice crops, agro-forestry on *jhum* fallows, relay (multiple) cropping, kroiler rearing, use of mechanised weeder, sugarcane cultivation, etc. The Project needs to identify a few most promising of these for wider replication during the final year of implementation.

18. Cropping intensity and crop yields remain low in the project area. As in most rain-fed regions, open grazing by cattle after wet season harvest is prevalent in the project area, rendering large scale cultivation of a second crop impossible without social fencing. The Project has piloted cultivation of winter crops, especially around homesteads. This should be continued to make use of the residual soil moisture. Enhancing productivity, intensifying settled agriculture, improving management of *jhum* lands and livestock rearing are key arenas to enhance livelihoods and need focused attention.

19. In the few cases where women have taken up broiler poultry using credit from SHGs the quality of sheds and rearing practices leave much to be desired. Broiler poultry is capital intensive and highly sensitive to management practices. Though broiler poultry has high potential, especially near towns, it is inadvisable to promote this activity without proper training and technical support.

20. **Business development & marketing.** Non-farm livelihood activities promoted by the Project include grocery shops, bakery units, barber shops, tailoring, traditional/handloom weaving, carpentry, masonry, black smithy, rice mill, fruit processing, making banana chips, grinding spices, making candles, repairing vehicles, making brooms and cane/bamboo products, eco-tourism, bee keeping,

honey processing, water hyacinth craft, etc. Besides these, women have taken up a wide range of income generating activities (IGAs) on their own by borrowing funds from SHGs. Data on such IGAs is not available and should be collected at the level of SHGs to enable the project to better assess its impact.

21. The Project constructed 16 market sheds and two local collection sheds and provided a pick-up van to transport goods to markets. Apex Federations have been formed jointly by NaRMGs and SHG Federations to facilitate marketing of farm produce in some clusters and 18 of them marketed farm produce worth INR 36.3 million. Marketing functions of Cluster Associations need to be strengthened in particular and the Project should seek support from NEC for this purpose. The project organised 18 district level NEAT Fests and other exhibitions and one regional annual NEAT Fest to enable project beneficiaries to showcase and sell their agricultural and value added products, exchange know-how and experiences and learn about market trends. Various processed products such as honey, tea, aloe-vera juice and gel, aloe vera soap, pickles, jams, candies, candles, etc. are sold under the brand name NEAT. The Project has also set up display and sales counters in the respective project districts and in the regional office. Marketing of traditional food and NTFPs should be explored in the last year of project implementation. Branding of these products with the story of the community/people to add value to the wild and traditional food products should be brought about in partnership with NESFAS/Slow Food.

Agreed action	Responsibility	Agreed date
4. Identify five farm based livelihoods from among the pilots/demos supported and scale those up during the last year of implementation; continue promotion of winter cultivation as a focus activity	PSU & DSTs	30 Jun 2015
5. Document IGA experiences at SHG level using local students interns	PSU & DSTs	31 Dec 2015
6. Promote traditional food & NTFP during NEAT fests	PSU & DSTs	30 Sep 2015

22. **Revolving fund and microcredit.** Savings and credit activity in SHGs is a key driver of IGAs. Savings rates across SHGs and between districts range from as low as INR 20 to INR 200 a month. Average cumulative member savings is only INR 995. Loans given by SHGs to members range from INR 2 000 to over INR 200 000; while some SHGs lend small amounts to most members, others have made large loans to a few. Loan purposes include agriculture, trading, education, healthcare, construction and livestock rearing. The fund situation of SHGs is presented below.

	Member Savings, INR 000	Revolving Fund, INR 000	Loans (Cumulative), INR 000	Total Funds, INR 000
Total	20 334	293 337	505 792	630 984
Average per SHG	12.71	183	316	394

23. INR 293 million has been disbursed to SHGs as revolving fund, averaging about INR 183 000 per SHG (INR 13 800 per member); this was based on the number of target households in a village. Another INR 88 million has been given to NaRMGs as revolving fund, averaging INR 180 000 each. About 80% of SHG funds remain in rotation as loans. Though many SHGs the Mission met reported shortage of funds to lend, a few had large idle funds. Member savings presently constitute only 3% of total SHG funds. While the disadvantaged communities the Project works with may not have high savings potential, the infusion of revolving fund may have reduced member incentive to save. As access to bank loans remains a challenge, member savings are a key source of loan funds. The Project should facilitate the Federations to encourage their members to increase savings, ensure equitable access to loans and prevent capture of funds by a few members. SHGs expressed continued difficulty with accounting. Members need continued training and orientation for better financial management. CRPs could be developed to provide continued training and accounting support to SHGs on payment.

24. **Linkages with banks.** So far 255 SHGs have been linked to banks and other state institutions for finance totalling INR 8.73 million (average INR 34 255 per SHG). Though the banking infrastructure remains poor in the region (e.g. Ukhrul district has only two bank branches), the Project needs to continue to facilitate bank linkages where bank branches are present. SHG Apex bodies like UDWIM, ICA, ACCORDS and BILCHAM offer loans to member SHGs, but have limited funds and varying managerial capacities. UDWIM and ICA are stronger, while BILCHAM needs strengthening. SHG Apex Bodies should be linked to NEDFi through NEC's good offices to obtain bulk loans to on-lend to SHGs.

Agreed action	Responsibility	Agreed date
7. Implement a plan to strengthen weaker SHGs and develop norms for better savings and credit management at each cluster level	PSU, DSTs & PNGOs	30 Sep 2015
8. With NEC support, link stronger Apex Bodies to NEDFi to raise funds	PSU	30 Sep 2015
9. Implement a plan to increase bank linkage for SHGs	PSU & DSTs	30 Jun 2015

### Component 3: Social Sector Development

25. Performance under this component is rated as satisfactory. The AWPB targets for the year were met. Appraisal targets have been exceeded in case of drinking water supply systems and are likely to be exceeded in case of low cost toilets (LCL), given the high demand from beneficiaries. In case of LCL, the Project only finances the items that need to be bought from the market and the beneficiaries contribute local materials and labour. Project achievements are presented 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, 2014-15	188	66	164	5 391
Cumulative Achievement	540	137	326	12 970

26. Construction of toilets and drinking water systems (DWS) are highly appreciated by the project beneficiaries, especially women as they bear the burden of fetching water and they endure personal indignities in the absence of covered toilets and there is high demand for these basic facilities. The Project should facilitate convergence with the Government's Swachh Bharat Mission to cover all the households in project villages. Similarly, as the previous JRM had recommended, convergence with MGNREGS should be brought about to expand the network of inter-village roads (IVR).

Agreed action	Responsibility	Agreed date
10. Facilitate convergence with relevant government programmes to expand coverage of LCL, DWS and IVR	PSU & DSTs	30 Jun 2015 & on-going

### Component 4: Rural Infrastructure and Electrification

27. This component is rated satisfactory. The Project achieved the AWPB targets by constructing 41 semi-permanent common facility centres (CFCs), 8 permanent CFCs, 139 km of rural roads in 34 villages, 790 of home solar power systems and 4 suspension bridges.

28. **Convergence.** A State Coordination Committees for Government Activities (SCCGA) has been created in each State to facilitate convergence but has not been very effective. Convening meetings of senior officers is difficult and as implementation of government programme is devolved to the districts, coordination for convergence is most effective at that level. Therefore, while the Meghalaya and Manipur SCCGAs were convened once during the year, the DSTs organised meetings of Line Agencies in all the districts, chaired by the heads of the District Society Boards to facilitate convergence as recommended by the previous JRM. The DSTs also now get invited to review meetings in the districts. Each DST also held a workshop and two to three training events for its staff and NGOs on provisions of government programmes, including MGNREGS. The Manipur DSTs had in the previous years obtained support from the Manipur Renewable Energy Development Agency to install micro-hydroelectric projects. The Ukhrul DST is collaborating with the Indian Council for Agricultural Research for agricultural demonstrations. The Karbi Anglong DST mobilised INR 0.88 million for procuring power tillers and the Dima Hasao DST mobilised INR 2.6 million for various activities from government agencies in the district.

29. Towards ensuring sustainability of project activities and CBOs, the Project needs to link the NaRMGs and SHG federations with Block and district level agencies so that they can continue to expand and deepen the development activities initiated by the project with support from these agencies.

Agreed action	Responsibility	Agreed date
11. Initiate linkages between NaRMGs and SHG federations with relevant government departments/programmes to facilitate convergence	DSTs	30 Jun 2015 & on-going

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

30. Performance under this component is satisfactory. The Project has met its AWPB targets under this component. Over 16 350 ha of Community Conserved Areas (CCAs) have been established in 460 villages with rules to protect and manage those. The Project consolidated its activities on CCAs and facilitated women to play active role in the management of CCAs. The NRM activities taken up in the CCAs during 2014-15 include (i) aided regeneration on 198 ha in 130 villages involving 6 275 HHs; (ii) MAP plantation on 31 ha in 23 villages benefiting 966 HHs; (iii) pasture development on 14 ha in 9 villages benefiting 411 HHs; (iv) forestry development including bamboo and timber species on 97 ha in 153 villages benefiting 4 411 HHs. The Mission found the plantations well maintained, with very good survival rates during field visits in Dima Hasao and Karbi Anglong districts.

31. The Project conducted training on NRM laws and trained 318 men and 171 women as CRPs on biodiversity conservation in Ukhrul and Dima Hasao as recommended by the previous JRM. The CRPs will continue to champion the cause CBCC in the project villages in the post-project period. 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. Some wild fruits such as goose berry, wild apple, etc. have been processed and sold even beyond village markets. The Project M&E system should capture data on the quantity of NTFPs collected/ consumed/ traded/ processed, number of beneficiaries, income generated, etc. Since the CCAs serve multiple conservation functions, the Project may consider piloting community biodiversity registers and get CRPs to record changes in the spectrum of biodiversity in the CCAs.

Agreed action	Responsibility	Agreed date
12. Include key NTFP data, e.g. quantity collected, consumed, processed, sold, income, etc. in M&E system and in the village activity register	PSU & DST	Starting from 1 Jul 2015
13. Pilot introduction of community biodiversity register to document local biodiversity in CCAs along with volume of annual extraction of NTFPs	PSU & DST	Starting from 1 Sep 2015

## D. Project implementation progress

### Quality of project management

32. Performance in this component has been satisfactory. A Regional Society (RS), the North Eastern Region Community Resource Management Society (NERCRMS), incorporated in and headquartered at Shillong with a Board of Management chaired by the Secretary, NEC is the implementing agency, with a Managing Director (MD) as its chief executive and head of a Programme Support Unit (PSU). The PSU has a Director each for M&E, Finance and Administration, a coordinator each for NRM, Gender & Institutions and Marketing, a Chief Technical Officer, a Microcredit Officer, a Communications Officer and a complement of technical and generalist support staff. NERCORMS also implements NEC funded activities in NERCORMP-I villages and NERCORMP-III. Each project district has a District Society chaired by the Deputy Commissioner in Manipur and Meghalaya and the Principal Secretary of the Autonomous District Council in Assam, with a 14 member District Support Team (DST). Headed by a Project Manager, the DST has a Project Technical Officer, an Institutional Development Organiser, a Business Development Officer, an Assistant Accounts Officer, a Natural Resource Management Officer, two MIS assistants and support staff. The position of MD at the PSU is presently vacant due to repatriation of the previous incumbent to his parent department and has been advertised for recruitment. The positions of Coordinator (Gender & Institutions), Chief Technical Officer and Assistant Accountant at the PSU and one Project Technical Officer, two Internal Auditors and one Monitoring Assistant at the DST level are vacant and have been advertised for recruitment. An HR manual exists, spelling out recruitment procedure, qualifications, duties, pay structure and review and training needs assessment procedures for personnel. Personnel are hired on fixed term contracts. Presently 20 out of 104 personnel on board (about 19%) are women, including one Project Manager.

33. The PSU provides strategic guidance, manages strategic linkages, coordinates implementation and provides training and technical support to DSTs. The PSU sectoral staff visit districts three to four times a year and are available for troubleshooting, networking and guidance. The DSTs provide training and technical support to PNGOs and CBOs, review their functioning

quarterly and facilitate linkages with sectoral agencies to obtain technical support. The DSTs are reviewed by the chairperson of the District Society. Implementation is reviewed jointly quarterly by DST managers and the PSU team.

34. As part of good management practice, the Project should revisit its gender mainstreaming strategy by harmonizing with national laws relating to women in workplace. To this end the Project should constitute an Internal Complaints Committee as mandated under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

35. The NaRMGs make their AWPBs based on their CRMPs with the guidance of the PNGOs and DSTs. The DSTs make their AWPBs on the basis of these and send to the PSU where they are reviewed, supplemented and presented to the Board of Management for approval. The approved plans are communicated back to the DSTs and on to NaRMGs.

36. To facilitate convergence and sourcing of technical inputs from sectoral agencies, key officials from the States and districts are included in the Management Boards of the NERCRMS and District Societies and a Nodal Officer has been designated in each State who chairs the SCCGA comprising of all State heads of sectoral departments. Only the Manipur and Meghalaya SCCGA held meetings.

37. The PNGO remuneration has not been revised since the project began. As per the design it was to have been reduced in the last two years but was not reduced as recommended by the MTR. It should be reviewed in case of a top up loan. The PNGO and DST staff have had no exposure to livelihood projects outside the region. This Mission reiterates the recommendation of the previous JRM to organise visits for key PNGO and DST staff to carefully identified livelihood projects outside the region.

Agreed action	Responsibility	Agreed date
14. Review the remuneration of PNGOs	PSU	30 Sep 2015
15. Arrange exposure visits for DST staff and PNGO staff to successful livelihood projects outside the region	PSU & DST	30 Sep 2015

## Performance of M&E

38. Performance in M&E is satisfactory. The M&E system and MIS meet the project requirements at output levels. All data collected are posted in the project MIS. Data is collected by the community coordinator (CC) and collated successively by PNGO, DST and the PSU monitoring team. The CCs obtain data from an 'Activity Register' maintained in the village to record activities taken up by NaRMGs and SHGs. The CCs or supervising officers (SOs) enter data into an off-line computer provided to PNGOs. The PNGOs send the data off-line to the DST for compilation at district level. Data from DSTs is sent to the PSU on-line as well as off-line for further consolidation. DSTs verify data through periodic joint field visits with PNGOs. Besides data from the field, the PMU maintains additional information collected from sector heads, such as achievements by KM, gender, micro-credit and rural infrastructure, NGO performance, business plans, marketing, and the data on financial achievements from the finance section. The Project also regularly generates RIMS annual report, AOS and Annual Progress Report. The M&E system meets the requirements for PCR processes at output levels but would require strengthening at outcome levels.

39. Interactions during field visits by the Mission indicated that the participatory tools for self-assessment by groups and communities that NERCORMP has are not being used widely. Community awareness on objectives and effectiveness of participatory self-assessment, particularly about outcomes and sustainability needs to be enhanced. Project staff and CCs need to be oriented on the use of participatory self-assessment tools. The project team should also regularly track readily accessible data pertaining to markets at the local, regional and national levels, e.g. prices of NRM commodities like ginger and broom produced and/or traded by communities. This would help ascertain underlying causalities behind price movements, e.g. global trends vs. local competition among aggregators to provide appropriate advisory to communities producing/trading these commodities.

Agreed action	Responsibility	Agreed date
16. Revisit M&E systems to track project outcomes; institute more frequent peer to peer assistance among M&E staff & sector heads in DST & PSU to strengthen data analysis and evaluation capacity.	PSU, DST	31 Oct 2015

## Coherence between AWPB & implementation

40. Coherence between AWPB and project activities is rated as satisfactory. The Project had budgeted INR 308 million for the year 2014-15, of which INR 170 million (55%) has been utilized as at 31 December 2014. For the year 2013-14 the Project exceeded the AWPB by utilizing INR 391 million against the budget of INR 390 million. The cumulative expenditure till 31 December 2014 was INR 1 287 million, approximately 75% of the revised project cost of INR 1 723 million (USD 32.96 million).

## Gender focus

41. Performance in this segment is rated as satisfactory. As a strategy, the Project has promoted equal representation of women and men in NaRMGs, the new institutions formed to work for improving the management of natural resources. This has led to inclusion of women in the traditional tribal institutions in many villages, e.g. a few Kuki project villages in Senapati district have already done so and the Kuki Apex Convention is working on formally inducting women in traditional institutions. SHGs as exclusive spaces for women have enhanced their confidence and ability to participate on equal footing in NaRMGs. The results have been positive for both men and women. In most villages women and men mentioned that women have become more active participants in non-farm livelihoods including marketing, while men have begun taking on roles like child care and cooking. They mentioned greater collaborative work by married couples at home and in the market. Jointly, families can now scale up livelihoods activities and women feel a sense of security while operating in distant markets as men also accompany them. Access to loan funds in SHGs and NaRMGs has weaned men away from activities like illegal logging as they can now start small businesses and remain close to home. Widowed women mentioned that SHGs were a source of support, both financially and emotionally. Domestic violence was not very prevalent, but some SHGs were taking small steps to counsel men against alcohol abuse and neglect of their family. In the Annual Outcome Survey 64% respondents in project villages said they had undergone gender training and 61% of their spouses had, compared to 12% and 9%, respectively, in non-project villages. Project households also reported greater joint household decision making than in non-project households. Women in project villages had greater freedom of mobility (did not need permission) and training in agriculture and livestock rearing than in non-project villages.

42. Project interventions listed by women that have significantly benefited them were: (i) access to piped drinking water, (ii) inter village roads, (iii) construction of low cost latrines, (iv) access to loans to start small businesses or IGAs have put money in women's hands, and (v) controls over tree felling in CCAs have increased fuelwood availability. Areas that remain to be tackled include drudgery reduction activities in farming, greater coverage of drinking water facilities and latrines, better and reliable sources of energy for cooking and value addition. Drudgery for women in domestic work and in homestead and *jhum* farming is an important issue. The Project needs to study areas for drudgery reduction and identify appropriate technologies/mechanisms for address those.

Agreed action	Responsibility	Agreed date
17. Identify areas for drudgery reduction for women in domestic, farm & off-farm activities; introduce appropriate technologies to reduce them	PSU, DST	30 Sep 2015

## Poverty focus

43. Performance in this segment is rated as satisfactory. As a strategy the Project prioritises household-level investments for the poorest and poorer families, while community infrastructure is meant for all households. As the table below shows, there has been a significant change in poverty status. The proportion of poorer and poorest households together has come down from 78% at base line to 55% at mid-term. The number of poorest households fell by 59%. The AOS shows that over 87% of project households moved up the income groups while only 46% of the control group did.

Households	Poorest	Poorer	Poor	Better off
Baseline (23 125 households)	10 999 (48%)	6 857 (30%)	3 424 (15%)	1 845 (8%)
Midterm (24 129 households)	4 459 (18%)	9 002 (37%)	7 259 (30%)	3 409 (14%)
<b>% Change within category from baseline</b>	<b>-59%</b>	<b>31%</b>	<b>112%</b>	<b>85%</b>

44. During interactions SHGs and NaRMGs confirmed that households facing extreme poverty were prioritised for project investments. Some SHGs provided very poor/destitute families with funds and materials and poor members were prioritised for loans. However, many poor households that did

not join SHGs in the initial days are now keen to join. While new SHGs are being encouraged, they do not receive revolving fund. This needs to be addressed by the Project. Vulnerability of households to risks like ill health needs to be monitored at the CBO level so that quick action can be taken to protect them. Access to social security benefits needs to be facilitated by linking CBO federations to appropriate government agencies and providing them the necessary training.

Agreed action	Responsibility	Agreed date
18. Include left-out families in SHGs with involvement of CBOs and their federations; explore means for providing revolving funds to new SHGs	PSU, DST	30 Sep 2015
19. Promote convergence to access social security benefits for the poor and vulnerable	PSU, DSTs	30 Sep 2015

### Effectiveness of targeting approach

45. This is rated as satisfactory. The Project works in physically remote locations with tribal peoples of whom over 60% practice *jhum*. Financial investments have been targeted at the two poorest categories of households. As earlier pointed out, there has been a significant movement of households from the poorest to less poor category and an increase in the number of better off. Investments in safe drinking water, toilets and connecting roads have benefited the villages and women in particular.

46. To consolidate these gains, the Project must make targeting approach as a key focus area in on-going dialogue and review of NaRMGs, SHGs, Federations and traditional institutions. A few very poor households have been left out of SHGs and steps need to be taken to include them.

### Innovation and learning

47. This section is rated as satisfactory. Besides addressing the recommendations of the previous JRM on regarding KM, the Project has taken up various KM related activities during FY 2014-15, such as training in the districts on documenting case studies, preparation of video documentation on project success stories, community knowledge sharing events including annual NEAT Fest and regular publication of its newsletters. From community perspectives, the project has introduced a number of innovations which included (i) CCAs that brought NaRMGs in the forefront of conservation and protection of local biodiversity in collaboration with traditional village institutions and women's groups; (ii) revolving funds for SHGs which has become source of economic transformation and empowerment for women; (iii) joint assembly of members of NaRMGs, cluster associations and SHGs federations as in Karbi Anglong to negotiate with policy makers and public representatives on rationalization of the tax regime of the NTFPs with positive results for the communities; (v) participatory self-assessment by communities with transparency in planning, monitoring and financial transactions; (vi) conversion of weeds (water hyacinth) into useful products in West Garo Hills. Additional information particularly on learning, what worked well and what did not work well, is provided in Appendix 7.

Agreed action	Responsibility	Agreed date
20. Commission documentation of positive and negative project experiences and outcomes; integrate learning in project exit-cum-sustainability strategy and prepare an operating guide for participatory self-assessment by communities.	PSU	Starting from 1 Sep 2015

### Climate and environment focus

48. The performance in this regard is satisfactory. Several key project activities inherently produce positive climate and environment effects. The Project has facilitated creation of over 16 343 ha of CCAs in 460 villages. Based on community needs, plantations of economically and culturally valued species have been introduced in CCAs. The Project has promoted 219 ha agro-forestry with horticultural species, constructed 128 rainwater harvesting structures, promoted riverine fish 46 sanctuaries, 380 ha home gardens in 460 villages, 314 ha catchment protection through soil and water conservation and 60 ha pasture development; all of these lead to improvement in local environment and natural resources. The project has promoted 70 vermi-composting units and 1 446 solar lighting units, which contribute to climate amelioration. Introduction of low cost sanitary latrines on a large scale would improve habitat conditions. Productivity enhancement in agriculture, better management of *jhum* fallows and various income generating activities would reduce pressure on *jhum* areas as food and income security from non-*jhum* sources improves. Climate-smart agriculture has

been demonstrated through grant projects such as roots and tuber crops with CIP over 345 ha in 324 villages and piloting of drought-resistant rice varieties over 6 ha in Karbi Anglong and Ukhrul districts with ICIMOD.

## **E. Fiduciary aspects**

### **Quality of financial management**

49. Performance in this segment is rated as satisfactory. The PSU and DST accounting teams are staffed adequately except for the vacancy of the Assistant Accounts Officer at the PSU and Internal Auditors in two DSTs. The Project follows double entry accounting system on 'cash basis.' Proper authorizations are obtained for all payments and adequate documentary evidence is available in the files. As recommended by the previous JRM, the Project now prepares monthly bank reconciliation statements as opposed to quarterly earlier. Accounting is done in 'Tally' software and accounts are grouped on components. All reports, e.g. income and expenditure account, receipts and payments account, actual vs. budgeted expenditure, bank reconciliation statements are prepared in excel sheets rather than through the software. The Financial Management Mission in December 2014 had recommended exploring the possibility of expanding the use of Tally functionality. The previous JRM had recommended training the district staff in the use of software as none had been trained. The PSU did not organize the training but advised the DSTs to do so; only three of the six DSTs complied.

50. Each DST has an Internal Auditor (IA), responsible for checking the DST accounts and those of the SHGs and the NaRMGs. The IA is required to submit a report quarterly to the PSU, which is not being done regularly. Only three DSTs had submitted reports for the third quarter till date and the others only up to the second quarter though four months have elapsed since the end of the third quarter. The audit report is required to be submitted within a month of the end of each quarter. The internal audit formats are standardized. The observations in the internal audit report should be reviewed for compliance during the subsequent quarter's audit. A copy of the internal audit report is also sent to the PSU but no follow up action is taken by the PSU in respect of the observations.

51. The NaRMGs and SHGs maintain records as required and their accounts are audited by Chartered Accountants. The quality of records varies across villages/groups. The Mission observed that the records of older groups (formed in 2010) are better maintained than those formed in 2012 as the former have received more support from the Project. The Mission recommends that additional support be provided to the newer groups by the NGOs/ DSTs. Corrective action should be taken on the basis of the reports of the internal and statutory auditors where required. The Mission was informed by the communities that they had to maintain many records which was time consuming. The PSU is in the process of simplifying the records to be maintained. It is recommended that the same should be done as per the requirements of SRLMs to ensure seamless convergence in the post-project period.

### **Acceptable disbursement rate**

52. Performance under this section is rated as satisfactory. IFAD has disbursed USD 15.321 million to the project including the initial advance of USD 1.50 million, which is 75.81% of the allocation USD 20.211 million. In terms of SDR, the disbursement is 79.51% including the initial advance and 71.96% excluding it. All withdrawal applications till December 2014 have been paid. This being the penultimate year of the project, IFAD needs to adjust the advance against the WAs.

53. The Project has a balance of SDR 3.5 million to be utilized by the end of the project which is equivalent to INR 318 million. The claim for the last quarter of FY 2014-15 is yet to be submitted. The budget for FY 2015-16 is INR 75.50 million. Assuming that the full budget for FY 2014-15 and FY 2015-16 will be utilized, the project will be left with approximately INR 141 million to be used as project expenditure up to September 2016 and for loan closing expenses up to March 2017. The Project should plan its expenditure considering the balance funds available.

### **Counterpart funds**

54. Performance under this section is rated as highly satisfactory. Government contribution was revised at MTR from INR 600 million to INR 589 million. The Government has so far disbursed INR 507 million equivalent to USD 9.22 million (81%) to the project. The funds from the Government are



disbursed in one or two tranches based on the AWPB for the year. The management expenses of the project are met out of earlier year's savings and earnings from bank interest.

### Compliance with loan covenants

55. Performance under this section is rated as satisfactory. The Project has generally complied with the loan covenants.

### Compliance with procurement

56. Performance under this section is satisfactory. The Project has followed IFAD procurement guidelines. There has been no major procurement during the year. The process followed to procure the services of the auditor was found to be transparent and well documented. A procurement committee has been set up to undertake all procurement and its proceedings are validated by the MD before a purchase order is placed. At the PSU and DSTs, Fixed Asset register has been maintained and physical verification was carried out. Comparative statements and quotations were not available for verification by the Mission in respect of procurement made by NaRMGs though it was informed goods had been procured from the lowest cost vendor. The fixed asset records of the NaRMGs need to be maintained, and improved upon where they are being maintained. The DSTs should record community assets created by the Project and the PSU should consolidate these.

### Quality and timeliness of audits

57. Performance under this section is satisfactory. The audit for the year 2013-14 was completed within the prescribed period of six months from the end of the fiscal year. The audit report is unqualified and contains the Management Letter but not the replies of the Management to it. Six audit firms were selected in the year 2010-11 using QCBS method to conduct audits in the regional society, the six district societies, the SHGs and NaRMGs. The same auditors have been continued on a rotational basis. In accordance with the recommendation of the previous Mission, a fresh panel has been formed by inviting fresh bids for the audit of 2014-15. The project financial statements generally comply with the IFAD reporting requirements except that the Statement of Sources and Application of Funds does not disclose separately IFAD and counterpart funds and the schedule of annual/cumulative Withdrawal Applications has not been prepared. In accordance with the revised reporting requirements of IFAD, additional financial statements have been prepared and certified in the prescribed formats of International Public Sector Accounting Standards (IPSAS) and sent to IFAD.

Agreed action	Responsibility	Agreed date
21. Provide training in 'Tally' to the DST and PSU staff for using its features for report generation	PSU	30 Jun 2015
22. Conduct quarterly internal audit; promptly submit the report and ensure compliance with the observations of the previous quarter	Internal Auditors/ PSU/ DSTs	31 May 2015 and on-going
23. Support new SHGs in book keeping and enable compliance with audit observations. Simplify record keeping by the communities	DSTs/ PSU	30 Jun 2015

## F. Sustainability

### Institution building

58. This segment is rated as moderately satisfactory. A lesson from NERCORMP-I is that SHGs are much more likely to sustain than NaRMGs because while SHGs have an on-going activity of savings and credit NaRMGs have little by way of on-going operations once the project is completed. SHGs and their federations will receive funds and capacity building support when NRLM extends to these areas, but not the NaRMGs. It is therefore imperative that the CBOs are facilitated to develop a plan of action for project exit and resource mobilisation through convergence. The Federations and Cluster Associations need more capacity development to function independently. Corresponding NERCORMP-I CBOs can handhold the NERCORMP-II institutions.

### Empowerment

59. This segment is rated as satisfactory. Project villages express their perception of empowerment in economic and social terms. Households have increased assets, sources of livelihoods and individuals have greater confidence to express themselves in public. Key gains include

the gradual, though yet informal, inclusion of women in traditional village institutions and support by SHGs and NaRMGs to vulnerable households. CBOs have succeeded in resolving intra-village conflicts in some cases and working together has increased cohesion within villages. Federations have fostered better relations between villages and different tribes in some cases. Community halls built through the project have created neutral spaces for interactions between different tribes/ religious denominations.

### Quality of beneficiary participation

60. This is rated as satisfactory. Involvement of men and women in project activities is enthusiastic and high. Villages have used own resources to replicate ideas found to be beneficial; e.g., 40 small fish reserves were constructed with local resources following construction of one by the Project. SHGs and NaRMGs are contributing cash to capitalise their federations. Several promising initiatives have been scaled up or regularised (such as chilli festivals, garlic festivals, managed by villages). Meeting frequency in SHGs is at least fortnightly and weekly in most cases. Savings rates are increasing in most cases. In the remaining period the Project needs to strengthen capacities of CBOs and individuals to take on greater management responsibilities and ensure the sustainability of community institutions.

### Responsiveness of service providers

61. This is rated as moderately satisfactory. There is need for greater convergence and access to resources to CBOs from government and private sources. Responsiveness of these resource providers has been poor in most districts. PNGOs, DSTs and PSU have provided technical and institution building support to CBOs. Now that the CBOs are in a growth phase and the project will end, support from public systems is necessary to deepen impact of project interventions. The service providers themselves need to be prepared for this and it calls for more exposure visits and training so that CBOs receive adequate facilitation for future responsibilities. Development of CRPs needs to be systematised.

### Exit strategy

62. Performance of this is rated as moderately satisfactory. According to the Project's Exit and Sustainability strategy, CBOs promoted by the Project would continue to support livelihood activities among households, using the revolving funds and by linking with government programmes. The SHGs are most likely to continue to function effectively, provide modest finances to their members to take up IGAs around activities known to them, and would also eventually link up with respective SRLMs. The NaRMGs, however, have limited funds and are unlikely to be able to address natural resource development, productivity enhancement, infrastructure development and market linkage needs of their villages without systematic convergence with government programmes. The Mission has recommended focused efforts to link the NaRMGs and CBO apex bodies to government agencies. The Mission recommends revisiting the exit strategy, assessing the strategic capabilities of the CBOs and spelling out the action steps to be taken in the remaining project period.

### Potential for scaling-up and replication

63. This is rated as highly satisfactory. Project activities and strategies are highly scalable and are indeed being already scaled up through the NERCORMP III in two new project districts in Manipur and one district in Arunachal, under the aegis of the existing PSU with new DSTs in these districts. Similarly, the World Bank scaled up NERCORMP in an additional four States in NER through the North East Rural Livelihood Project (NERLP). This USD 120 million project expanded successful NERCORMP interventions to Mizoram, Nagaland, Sikkim and Tripura to benefit an additional 300,000 households in 1,642 villages.

Agreed action	Responsibility	Agreed date
24. Review the exit & sustainability strategy and outline action steps for the remaining project period to ensure its viability	PSU with DSTs	30 Sep 2015

## **G. Other**

### **Physical/financial assets**

64. Performance is rated as satisfactory. Inter-village roads, irrigation systems, water harvesting structures, CCAs, drinking water systems, horticulture and agro-forestry plantations, common facility centres, village market sheds, low cost sanitary latrines, solar lighting systems, etc. are some of the physical assets created. Revolving funds in the hands of NaRMGs and SHGs and savings and interest incomes accumulated by them on loans to members are significant financial assets and would continue to grow. The project beneficiaries have also created private assets from incomes earned through various IGAs and livelihood activities.

### **Food security**

65. This is rated as moderately satisfactory. According to the AOS 2014, food security improved for 45% households in project villages compared to 29% households in non-project villages. Women met in the course of field visits by Mission members also reported improvement in food security, including from own production. In order to ensure food security, particular attention must be paid to the use and preservation of rich variety of traditional seeds available in the region, production of traditional food crops and creating awareness on the high nutritional value of traditional foods. In this context, NERCORMP should strengthen links with Slow Food through IFAD partnership and the Shillong based organization NESFAS, which is organizing the IFAD supported International Mei Ram-ew (Mother Earth) in November 2015. Project and NGO staff must be provided maximum exposure during the International Mei Ram-ew Slow Food event.

66. It is recommended that NEC supports the International Mei Ram-ew event by showcasing the traditional food of the villages under project area in close coordination with NERCORMP and NESFAS.

### **Quality of natural asset improvement and climate resilience**

67. The performance is rated satisfactory. With the limited resources available, the Project has brought about significant improvements in natural assets through strong community mobilisation and participation. Over 16 434 ha of CCAs have been created in 460 villages and 46 fish sanctuaries have been established with community enforced rules and regulations for management and usage. These will positively affect the quality of natural assets and enhance climate resilience in the mountainous terrain of the project villages. Promotion of small scale irrigation (158 km irrigation channels in 371 villages covering 4 200 ha area of irrigated land), introduction of solar lighting and micro-hydroelectric systems, better management of *jhum* fallows, cultivation of pulses (peas and beans over 569 ha in 460 villages), agro-forestry and horticulture and promotion of drought-resistant rice varieties will enhance climate resilience. Strong and cohesive community institutions promoted by the Project would facilitate community action for coping with climate stress.

## **H. Conclusion**

68. The Project has fostered largely inclusive community based institutions in all project villages around the themes of improving natural resource management and enhancing livelihoods and access to basic necessities like drinking water and sanitation. Women, especially from the relatively disadvantaged households have been organised, are able to play a more active role in community life and are building financial assets and flows they themselves control. The PNGOs and project staff have strong rapport with the communities and enjoy people's trust. In a climate of cynicism about public affairs, the transparent and participatory systems of project implementation are highly appreciated by project communities and are seen as the way forward. Innovative ways to promote community-led conservation of natural resources and climate resilient, inclusive growth have been demonstrated.

69. Much larger investments than were available from the project would be needed over time to bring about significant and sustainable improvements in livelihoods and quality of life, and to expand climate resilient resource management practices initiated by the Project that build on local culture and traditions. Besides people's own efforts stimulated substantially by the Project, mainstream government development programmes remain key providers of such investments. Despite continued efforts from the Project, success has been modest in bringing about convergence with mainstream

government programmes. In the remaining project period, this needs to be addressed strategically so that communities and their institutions can continue to build on the foundations laid in the course of the project. NEC could extend support by facilitating convergence and by providing continued handholding and capacity building support to the CBOs including linking apex CBOs with NEDFi and other financial institutions within the region to ensure sustainability. Simultaneously, the project needs to focus on scaling up the more successful activities and enhancement of resource productivity.

70. In preparation for the Project Completion Report due in a year, the Project needs to document its outcomes and effects besides the inputs, processes and outputs. NEC could support the Project in documenting these as these would serve future initiatives for scaling up the successful approaches and activities of the project.

71. With the course corrections recommended in this Aide-mémoire, the Project is highly likely to be implemented in a timely manner and substantially meet its objectives.

### **Notation**

This Aide-mémoire is endorsed as the official document of the proceedings of the wrap-up meeting held on 14 May 2015 at Shillong, Meghalaya, India, chaired by the Secretary, North Eastern Council, Ministry of DoNER, Government of India as Representative of the Borrower. The main findings of the JRM have been discussed and recommendations agreed with the Project Management and Staff. The wrap-up meeting with DEA was held on 1<sup>st</sup> June 2015 chaired by Director, DEA, MOF, Gol.

## Appendix 1: Summary of project status and ratings

### 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	15-Feb-2014						
Supervising Inst.	IFAD/IFAD						
No. of Supervisions	12	No. of Implementation Support/Follow-up missions	5				
Last Supervision	15-Feb-2014	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	22.2	IFAD Total	20.13	
Entry into force	23-Feb-1999 & 10-Jul-2010	PAR value	Not at risk	IFAD loan	20.13	79.51
First disbursement				DSF grant		
MTR	17-May-2002 & 10-May-2013	Last amendment		IFAD grant		
Original completion	28-Sep-1999	Last audit	8-Aug-2014	Domestic Total	12.82	
Current completion	30-Sep-2016			Beneficiaries	1.47	114.0
Original closing	28-Sep-1999			Government (National)	11.35	67.0
Current closing	31-Mar-2017			Domes. Fin. Inst.	2.00	
No. of extensions	1			External Co-financing Total		

### Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	4	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	4	5	5. Poverty focus	5	5
6. Quality and timeliness of audits	4	5	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	4	5	2. Empowerment	5	5
3. Biodiversity	5	5	3. Quality of beneficiary participation	5	5

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	4
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*

Rating for overall implementation progress is satisfactory (5). Overall quality of project management remains satisfactory, showing continued satisfactory results in M&E with functional MIS verified through community activity register, coherence between AWPB and implementation; satisfactory gender mainstreaming and poverty targeting and improved knowledge management practices. The performance under various components too remain satisfactory with improved quality in capacity building, empowerment, livelihoods interventions, IGAs, rural infrastructures and biodiversity conservation. The overall fiduciary performance indicators too remain satisfactory. Initiatives for project sustainability showed further improvement with scope for improving exit strategy approaches.

C.5 Likelihood of achieving the development objectives (section B3 and B4)	4	4
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#### *Rationale for development objectives rating*

While support provided by LPA (NEC) is highly satisfactory, the supports from State Govts that would determine critical sustainability particularly in the areas of convergence, remain much to be desired though some districts are showing very good response by way of convergence. Project could improve further in areas of climate-smart agriculture to have secure food and income sources together with water-smart, productivity-smart, nutrient-smart issues requiring comprehensive further attention. Sustaining crop diversity to widen food baskets of the rural communities too require further attention.

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

Fiduciary aspects	Re-training on tally software for DSTs required; internal audits needs to be done on quarterly basis with compliance note on observations being addressed promptly; account management trainings required for new SHGs including to comply with SHGs audit.
Project implementation progress	In spite of frequent local bandhs in some programme areas which hinder the movement of staff, the project interventions remain on track. Additional investments required on capacity building of community institutions particularly the federations and associations to ensure sustainability.
Outputs and outcomes	Greater attention required on issues of land productivity and more efficient use of available water for irrigation such as introduction of double cropping wherever feasible. Project should continue to make efforts in seeking technical support from various state and central agencies and departments.
Sustainability	Convergence remain a challenge in which the project would do well to pay greater attention. A number of SHGs still require support to make best use of their revolving funds for their economic gains. Higher level CBOs require improved support for sustainability.

## Proposed Follow-up

Issue / Problem	Major Recommended Action	Timing	Status
Overall assessment of project performance	Continue meetings with district officers of line departments around convergence under the auspices of the Chairmen of District Societies	30 Jun 2015 & on-going	Efforts are on to access other government programmes; good results in some districts.
Capacity Building of Communities and Participatory Agencies	Continue to strengthen SHGs, NaRMGs, and Federations to manage operations, livelihood activities and convergence post project; harmonise systems of SHG Federations with State NRLM guidelines. Track the performance of CRPs with capacity building.	30 Sep 2015 and on-going	Capacity building of CBOs are on-going activities; efforts to link with NRLM in progress.

Livelihood Enhancement	Scale up demo/pilots crops; promote winter crops; double cropping; link community Apex bodies with NEDFi; strengthen SHGs bank linkage.	30 Jun 2015 onwards	Spring onion is popular in Senapati district; cultivation of mustard in winter introduced; SHGs bank linkage on-going.
Social Sector Development	Facilitate convergence with relevant government programmes to expand coverage of LCL, DWS and IVR	30 Jun 2015 & on-going	Sanitation programmes have been taken up in some districts like Senapati and West Khasi Hills from government funding.
Rural infrastructure	Initiate linkages between NaRMGs and SHG federations with relevant government departments/programmes to facilitate convergence	30 Jun 2015 & on-going	On-going efforts with encouraging results in Karbi Anglong by forming joint federation and association on NTFP tax reduction
Community-based Biodiversity Conservation	Include key NTFP data, e.g. quantity collected, consumed, processed, sold, income, etc. in M&E system and in the village activity register; pilot community biodiversity register.	Starting from 1 Jul 2015	Currently only the items are listed in the community records; quantity harvested and sold should also be reflected.
Quality of project management	Review the remuneration of PNGOs; exposure visits for staff and PNGOs.	30 Sep 2015	Subject to budget, remuneration under discussion.
Performance of M&E	Revisit M&E systems to track project outcomes; institute more frequent peer to peer assistance among M&E staff & sector heads in DST & PSU to strengthen data analysis and evaluation capacity.	31 Oct 2015	On-going process and capturing of outcomes in some cases are being done through case studies.
Gender focus	Identify areas for drudgery reduction for women in domestic, farm & off-farm activities; introduce appropriate technologies to reduce them	30 Sep 2015	SHGs and NaRMGs to take lead on this matter.
Poverty focus	Include left-out families in SHGs with involvement of CBOs and their federations; explore means for providing revolving funds to new SHGs; access to social security benefits require greater attention.	30 Sep 2015	Including newly married households wherever feasible; awareness creation on-going process.
Innovation and learning	Commission documentation of positive (and other) project experiences and outcomes; integrate learning in project exit-cum-sustainability strategy and prepare an operating guide for participatory self-assessment by communities.	Starting from 1 Sep 2015	Project documentation has improved; NEC to support in documentation of best practices.
Fiduciary aspects	Provide re-training in 'Tally'; quarterly internal audit; training for new SHGs in accounting.	30 Jun 2015 onwards	Part of the work plan for 15-16.
Exit strategy	Review the exit & sustainability strategy and outline action steps for the remaining project period to ensure its viability	30 Sep 2015	Proposed as current year's plan activity.

#### Additional observations





## 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>- Project Baseline survey completed</li> <li>- RIMS Baseline survey completed</li> <li>- Annual Outcome survey completed</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>		Favourable government policies on rural development continue. Credible NGOs exist
<b>C. COMPONENTS OUTCOME and OUTPUTS</b>				
<b>COMPONENT 1: BUILDING THE CAPACITY OF PARTICIPATING AGENCIES</b>				
<b>Sub-component -1.1. Community &amp; Other stakeholders capacity building</b>				
<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	<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> </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>		Favourable response from the Community and their leaders, NGOs, target groups

	- Timely submission of Reports			
<b>OUTPUTS:</b> 1.1.1 About 2000 SHGs covering 20,000 HHs formed 1.1.2 NaRM-G organised in 400 villages 1.1.3 Short trainings organised to RS, DS, NGOs & CBOs 1.1.4 Some 400 trainings conducted on NRM to communities 1.1.5 About 400 PRA conducted 1.1.6 Some 90 exposure visits organised for staff & communities 1.1.7 Some 30 NGOs' staff trained	- Number of villages covered and agreements signed; - Number of staff capacitated by gender - Number of grassroots institutions capacitated by type and category - Number of exposure visits arranged by type, location and category - Number of female participants by type of institution and category of training	- Progress Reports - Annual Reports - M&E Reports - NGOs Reports - RIMS surveys - Missions observations	- 1600 SHGs - 20,826 Households - 494 NaRM-Gs - 460 villages  - 283 training on NRM  - 1595 trainings on Group formation and capacity building for NaRM-Gs and SHGs  - 486 PRA conducted - 147 exposure workshop - 22 trainings for NGO's	Adequate number of training institutes exists and facilities are available;
<b>Sub-component -1.2: Support to FNGOs</b>				
<b>OUTCOME:</b> RNGOs were engaged and capacitated to provide services to the target groups and CBOs.  <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	- Number of CBOs organised and capacitated - Number of SHGs organised - Number of NaRM-G organised - % of women in SHGs and NaRM-Gs  - Number of NGOs recruited and deployed - Number of NGO staff trained - Number of female staff trained - Number of HH & villages covered	Progress Reports Annual Reports M&E Reports NGOs Reports RIMS survey Missions observations  NGO Reports Progress Reports Annual Report	- MoU with 30 NGOs signed - 22 trainings for NGOs - 44 exposures organised for NGOs	Target group willing to participate in the programme activities and have enough time to attend group meetings; Human resources for successful interventions available  Committed number of NGOs exists

COMPONENT 2: LIVELIHOODS ENHANCEMENT				
Sub-component- 2.1: Economic Livelihood Activities				
<p><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</p> <p><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, ducks, dairy units supported  2.1.8 Some 119 km irrigation channels constructed  2.1.9 Technology transfer on new &amp; improved farming practices  2.1.10 Some 400 units of non-farm enterprises supported</p>	<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>	Progress Reports Annual Reports M&E Reports NGOs Reports RIMS survey District reports	<ul style="list-style-type: none"> <li>- 2942 hac on horticulture</li> <li>- 3 units of mushroom</li> <li>- 63 units of apiculture</li> <li>- 864 hac of field crops</li> <li>- 86 units of paddy-pisciculture</li> <li>- 2586 units on livestock</li> <li>- 158 kms on irrigation canals</li> <li>- 1460 units of non-farm enterprises</li> </ul>	Positive response from the communities; Support from the concerned line agencies; Market demand exists; communities willing to contribute 30% of costs
Sub-component- 2.2: Revolving Fund & Micro-credit				
<p><b>OUTCOME:</b> Access of the communities to rural financial and credit services enhanced</p>	<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> </ul>	Progress Reports Annual Reports M&E Reports RIMS survey District reports		Credible MFIs exist and they are willing to operate in remote area locations

<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>- 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>		<ul style="list-style-type: none"> <li>- 1600 SHGs have access to credit</li> <li>- 254 NaRM-Gs have access to credit</li> </ul>	
<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.  <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>- % 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> <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>	Progress Reports Annual Reports M&E Reports RIMS survey District reports	<ul style="list-style-type: none"> <li>- 544 units of DWS of 5000 lit capacity, 137 units of DWS of 20,000 lit capacity</li> <li>- 348 kms of poly pipelines installed</li> <li>- 12,979 LCL constructed</li> </ul>	Potential for developing gravity DWS exists; communities willing to participatory approaches and accept responsibility for O&M
<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		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>- 80 kacha &amp; 23 pucca CFCs constructed</li> <li>- 171 kms of rural roads</li> <li>- 64 micro hydel unit installed</li> <li>- 1446 units of solar power</li> </ul>	
<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 biological diversity conserved, and environmentally sustainable production systems introduced.  <b>OUTPUTS:</b> 5.1.1 About 1306 ha of regeneration, herbs and MAP and pasture plots are promoted as research and demo plots	<ul style="list-style-type: none"> <li>- % of people aware of new production systems introduced.</li> <li>- Income increases of landless HHs</li> </ul> <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>	Progress Reports Annual Reports M&E Reports RIMS survey District reports  Progress Reports Annual Reports M&E Reports RIMS survey District reports	<ul style="list-style-type: none"> <li>- 1077 Hac of regeneration, herbs and MAP and pasture plots</li> </ul>	Line departments identify potential sites; grassroots institutions and communities take interest
<b>Sub-component- 5.2: Forestry development</b>				
<b>OUTCOME:</b> Environmentally sustainable, community-acceptable NTFP and forestry production systems introduced and good practices demonstrated to village communities  <b>OUTPUTS:</b> 5.2.1 Some 584 ha of NTFP plantations	<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> <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> </ul>	Progress Reports Annual Reports M&E Reports RIMS survey District reports	<ul style="list-style-type: none"> <li>- 493 hac under NTFP</li> </ul>	Line departments identify potential sites; grassroots institutions and communities take interest

demonstrated 5.2.2 About 1406 ha of agro-forestry units demonstrated	- Number of women benefited		- plantations 687 hac under forestry	
<b>Sub-component- 5.3: Communication and knowledge management</b>				
<b>OUTCOME:</b> Information and knowledge sharing on good practices and production systems between communities enhanced and disseminated	- % of target group aware of bio-diversity conservation. - % of people adopted the technology demonstrated	Progress Reports Annual Reports M&E Reports RIMS survey District reports		Communication improves project performance. Communities show interest in new ideas and opportunities
<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	- Number of staff trained by type and gender - Number of media events organised - Number of newsletters launched - Number of documents disseminated - Number of video documents produced - Number of NEAT festival organised		- 26 trainings on KM - 5 training on video documentation - 4 NEAT fest organised	

### Appendix 3: Summary of key actions to be taken within agreed timeframes

Action Area	Action Agreed	Responsibility	Date	Status / Progress
Overall assessment of project performance	25. Continue meetings with district officers of line departments around convergence under the auspices of the Chairmen of District Societies	DSTs with PSU support	30 Jun 2015 & on-going	Convergence remains a challenge in some districts though good examples of convergence are showing up in all the districts with some of the key national programmes like sanitation, etc.
Capacity Building of Communities and Participatory Agencies	26. Continue to strengthen SHGs, NaRMGs, and Federations to manage operations, livelihood activities and convergence post project; harmonise systems of SHG Federations with State NRLM guidelines	PSU, DST with PNGOs	30 Jun 2015 and on-going	Sustainability of institutions are the key to sustainability of all other initiatives undertaken. Dialogues are on with state livelihoods missions to harmonize SHGs with NRLM programme.
	27. Systematically track CRPs at Cluster and Federation level and augment their skill sets to support CBOs in post-project period	PSU with DSTs	30 Sep 2015	M&E system should include the works of CRPs including a brief monthly report of their activities.
Livelihood Enhancement	28. Identify five farm based livelihoods from among the pilots/demos supported and scale those up during the last year of implementation; continue promotion of winter cultivation as a focus activity	PSU & DSTs	30 Jun 2015	Spring onion is popular in Senapati district. Cultivation of winter crops such as mustard seeds are increasing as reported by communities during interaction.
	29. Document IGA experiences at SHG level using local students interns	PSU & DSTs	31 Dec 2015	
	30. Promote traditional food & NTFP during NEAT fests	PSU & DSTs	30 Sep 2015	This is one of the popular activities during the NEAT Fest. The idea has been accepted well among communities for replication.
	31. Implement a plan to strengthen weaker SHGs and develop norms for better savings and credit management at each cluster level	PSU, DSTs & PNGOs	30 Sep 2015	Some strong SHGs are now mentoring weaker ones. The initiatives require strengthening.
	32. With NEC support, link stronger Apex Bodies to NEDFi to raise funds	PSU	30 Sep 2015	The assurance was given by Secretary NEC during the wrap-up meeting.
	33. Implement a plan to increase bank linkage for SHGs	PSU & DSTs	30 Jun 2015	On-going efforts.
Social Sector Development	34. Facilitate convergence with relevant government programmes to expand coverage of LCL, DWS and IVR	PSU & DSTs	30 Jun 2015 & on-going	Sanitation programmes have been taken up in some districts like Senapati and West Khasi Hills from government funding.
Rural infrastructure	35. Initiate linkages between NaRMGs and SHG federations with relevant government departments/programmes to facilitate convergence	DSTs	30 Jun 2015 & on-going	In Karbi Anglong there is a joint NaRMG association and SHGs federations happening with louder voice to influence in NTFP policies such as reduction in payment of taxes for NTFPs collected from their own forests or

				community forests.
Community-based Biodiversity Conservation	36. Include key NTFP data, e.g. quantity collected, consumed, processed, sold, income, etc.in M&E system and in the village activity register	PSU & DST	Starting from 1 Jul 2015	Currently only the items are listed in the community records; quantity harvested and sold should also be reflected.
	37. Pilot introduction of community biodiversity register to document local biodiversity in CCAs along with volume of annual extraction of NTFPs and trading information for community learning.	PSU & DST	Starting from 1 Sep 2015	Working paper provides some ideas; this may also be dovetailed with appropriate mapping of peoples' understanding and appreciation of biodiversity conservation.
Quality of project management	38. Review the remuneration of PNGOs	PSU	30 Sep 2015	
	39. Arrange exposure visits for DST staff and PNGO staff to successful livelihood projects outside the region	PSU & DST	30 Sep 2015	On-going process; prepare brief report after each visit as part of learning process.
Performance of M&E	40. Revisit M&E systems to track project outcomes; institute more frequent peer to peer assistance among M&E staff & sector heads in DST & PSU to strengthen data analysis and evaluation capacity.	PSU, DST	31 Oct 2015	This is on-going process and capturing of outcomes in some cases are being done through case studies.
Gender focus	41. Identify areas for drudgery reduction for women in domestic, farm & off-farm activities; introduce appropriate technologies to reduce them	PSU, DST	30 Sep 2015	SHGs and NaRMGs should be facilitated to take lead on this matter.
Poverty focus	42. Include left-out families in SHGs with involvement of CBOs and their federations; explore means for providing revolving funds to new SHGs	PSU, DST	30 Sep 2015	Including newly married households wherever feasible.
	43. Promote convergence to access social security benefits for the poor and vulnerable	PSU, DSTs	30 Sep 2015	Awareness creation has been done in some districts and assistance have been provided in some villages through the NaRMGs.
Innovation and learning	44. Commission documentation of positive (and other) project experiences and outcomes; integrate learning in project exit-cum-sustainability strategy and prepare an operating guide for participatory self-assessment by communities.	PSU	Starting from 1 Sep 2015	Project documentation has improved significantly but require professional inputs. NEC has also been requested to invest in knowledge management particularly in documenting good practices.
Fiduciary aspects	45. Provide re-training in 'Tally' to the DST and PSU staff for using its features for report generation	PSU	30 Jun 2015	Part of the work plan for 15-16.
	46. Conduct quarterly internal audit; promptly submit the report and ensure compliance with the observations of the previous quarter	Internal Auditors/ PSU/ DSTs	31 May 2015 and on-going	On-going.
	47. Support new SHGs in book keeping and enable compliance with audit observations. Simplify record keeping by the communities	DSTs/ PSU	30 Jun 2015	On-going.
Exit strategy	48. Review the exit & sustainability strategy and outline action steps for the remaining project period to ensure its viability	PSU with DSTs	30 Sep 2015	Being proposed to be done across including community levels.



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

Period: April to March 2015				
Impact and Outcomes	Indicators	Achievements	RIMS Rating	
	(with global target if available)	(as per M&E data)		
			(by Project)	(by supervision mission)
Impact level				
<b>Overall 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	- At least 75% of households with Improvement in household asset ownership index	63% of households with improved in household asset ownership		
	- Reduction in the prevalence of child malnutrition by gender.			
	- At least 75% of households that have improved food security and incomes.	95% of households have no food shortage		
	At least 75% households that have access to safe drinking water, sanitation and markets	82% HHs have access to safe drinking water, 83 % access to sanitation & 70% increase income due to access to markets		
<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.	- Changes in wealth ranking of at least 75% of target groups.	78% change in the wealth ranking of the target groups		
	- At least 75% targeted HHs reporting increased incomes from diversified activities.	87% of the targeted HHs have increased their incomes		
	- 75 % increase in average HH incomes			
	- At least 75% of Target group perception about NERCORMP interventions is positive	100% of the targeted groups perception about the projects interventions are positive (58% very satisfied & 42 moderately satisfied)		
	- Livelihoods plans made and operational by village	100% villages make their livelihood plans and AWPBs are supported by the project		
	- At least 90% of women SHGs engaged in savings and credit	100% women SHGs engaged in savings and credit		
	- At least 85% of SHGs and NaRM-Gs are effectively functional	100% of SHGs and NaRM-Gs are effectively functioning		

	- Women perceptions about NERCORMP interventions are positive			
<b>Outcome level</b>				
<i>Component 1</i> : Capacity of the grassroots institutions, communities and NGOs and that of the staff of RS and DS improved through training, exposure visits and workshop	- Increased awareness among communities			
	- Increased community's participation			
	- Improved staff performance: adherence to schedule			
	- Improved NGOs performance: adherence to schedule			
	Timely submission of Reports			
<i>Component 2</i> : NGOs were engaged and capacitated to provide services to the target groups and CBOs.	- Number of CBOs organised and capacitated	2208 CBOs (494 NaRM-Gs, 1600 SHGs, 57 NaRM-G Cluster Associations & 57 SHG Federations)		
	- Number of SHGs organised	1600 SHGs formed		
	- Number of NaRM-G organised	494 NaRMGs formed		
	% of women in SHGs and NaRM-Gs	100% SHGs are women; 50% memberships in NaRMGs are women		
<i>Component 3</i> : 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	- % increase in HH incomes of target groups	87% HHs reporting increase in income		
	- Diversification in sources of incomes	100% have one source of income, 78% with two sources of income, 62 % with three sources of income and 36% with four sources of income		
	- Increase in assets accumulation of participating HHs	63% increase in assets accumulated by project HHs		
	% of women reporting reduction in drudgery			
<i>Component 4</i> : Access of the communities to rural financial and credit services enhanced	- % of HHs availing credit services from SHG and NaRM-Gs	90% HHs availing credit services from SHGs		
	- Loan outstanding by type of institution			
	- % recovery of loans	90% recovery of loans		
	Average interest rates applied and clients perceptions	2% per month at reducing rate of interest		

<i>Component 5:</i> Access of the communities to safe drinking water improved and better sanitation provided with effective community participation.	- % HH increase in access to safe drinking water	82% HH increase in access to safe drinking water		
	- % of HH reporting improved sanitation	83% reporting improved sanitation		
	- % of community participation in O&M of facilities created.			
	- % of women reporting saving of time	93% of women reported saving of time		
	- People's perception about the benefits			
	% HHs reporting health improvement			
<i>Component 6:</i> Access of the communities to markets, health services and education and energy improved and enhanced.	- % increase in marketable produce			
	- % improvement in health, perception of people			
	- % HHs reporting income increases due to market access	70% HHs reported increase in income due to market access		
	overall perception of People			
<i>Component 7:</i> Natural resources and biological diversity conserved, and environmentally sustainable production systems introduced.	- % of people aware of new production systems introduced.			
	- Income increases of landless HHs			
<i>Component 8:</i> Environmentally sustainable, community-acceptable NTFP and forestry production systems introduced and good practices demonstrated to village communities	- % of people aware of the technology demonstrated.	57% of the people are aware of new production systems		
	- % increase in NTFP	83% increase in NTFP		
	- Income increases of landless HHs			
<i>Component 9:</i> Information and knowledge sharing on good practices and production systems between communities enhanced and disseminated	- % of target group aware of bio-diversity conservation.	90% target groups aware of biodiversity conservation and have promoted Community Conserved areas in every village		
	- % of people adopted the technology demonstrated			

Output level							
Outputs by component	Indicator	(Physical) Targets					
		AWP&B (planned)	Actual (achieved)	%	Appraisal	Cumulative	%
					(Global)	(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	851	880	103	156	2419	1551
<i>Output 1.1.2</i> Staff training of PSU & DST	- 214 trainings will be carried out for project staff and stakeholders	28	27	96	214	181	85
<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	84	84	100	30	141	470
	- 36 Training on Horticulture activity	82	82	100	36	126	350
	- 24 Training on MAP	10	10	100	24	38	158
	- 30 Training on Animal husbandry and dairy	51	49	96	30	93	310
	- 24 Training on Sericulture	3	3	100	24	9	38
	- 24 Training on Khadi and village industry training	1	1	100	24	6	25
	- 24 Training on Fishery	6	6	100	24	26	108
	- 24 Training on Non farm sector	35	35	100	24	59	246
	- 24 Training on Exposure visit	75	72	96	24	111	463
	- 12 Training on Masionary training to CBOs	1	6	600	12	19	158
	- 2 Training on renuable energy & rural electrification				2	6	300
	- 4 Training on Skill development for para professionals	5	5	100	4	6	150
	- 2 Training on value addition						

<b>Component 1 - Sub-component 1.2</b>							
<b>Support to FNGOs</b>							
<i>Output 1.2.1</i> Local Partners performed task as per MoU	30 NGO recruited in assisting project implementation	30	30	100	30	30	100
<b>Component 2 - Sub-component 2.1</b>							
<b>Economic Livelihood Activities</b>							
<i>Output 2.1.1:</i> Farm Based: Horticulture : Farmers supported financially to undertake horticulture activities	1760 units (1760 hectares) financed	536	536	100	1760	2942	167
<i>Output 2.1.2:</i> Farm Based: Mushroom: Farmers supported financially to undertake development of mushroom units	168 mushroom units financed				168	3	2
<i>Output 2.1.3:</i> Farm Based: Apiculture: Farmers supported financially to undertake development of apiculture units	844 apiculture units financed	7	7	100	844	63	7
<i>Output 2.1.4:</i> Farm Based: Vermi-compost: Farmers supported financially to undertake development of vermi- compost units	669 vermi-compost units financed				669		0
<i>Output 2.1.5:</i> Farm Based: Agriculture field crops : Farmers supported financially to undertake development of field crop activities	1257 ha of agriculture field crops financed	249	249	100	1257	864	69
<i>Output 2.1.6:</i> Farm Based: Paddy cum pisciculture: Farmers supported financially to undertake development of paddy cum pisciculture units	128 units of paddy cum pisciculture units financed supported	38	38	100	128	86	67

<i>Output 2.1.7: Farm Based: Livestock: Farmers supported financially to undertake development of livestock units</i>	1143 livestock based activities financed	616	616	100	1143	2586	226
<i>Output 2.1.8: Farm Based: Irrigation: Farmers supported financially to undertake development of irrigation canals</i>	119 km irrigation channels constructed	25	25	100	119	158	133
<i>Output 2.1.9: Technology transfer on new &amp; improved farming practices</i>							
<i>Output 2.1.10: Non- Farm Based: Farmers supported financially to undertake development of Non-Farm activities</i>	400 units of non-farm enterprises financed	320	320	100	400	1460	365
<b>Component 2 - Sub-component 2.2</b>							
<b>Revolving Fund &amp; Micro-credit</b>							
<i>Output 2.2.1: Revolving fund &amp; Micro credit: SHGs having access to revolving funds for micro credit</i>	2000 SHGs have improved access to micro-credit				2000	1600	80
<i>Output 2.2.2: Revolving fund &amp; Micro credit: NaRM-Gs having access to revolving funds for micro credit</i>	400 NaRM-G have access to credit support				400	395	99
<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		
<b>COMPONENT 3 – Sub-component 3.1</b>							
<b>SOCIAL SECTOR DEVELOPMENT</b>							

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<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	188	188	100	300	544	181
<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	66	66	100	102	137	134
<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	164	164	100	402	348	87
<i>Output 3.1.4: Low cost Latrines: Households supported financially to undertake low cost latrines</i>	14000 low cost latrines financed	5391	5391	100	14000	12979	93
<b>COMPONENT 4- Sub-component 4.1</b>							
<b>RURAL ROADS AND RURAL ELECTRIFICATION</b>							
<i>Output 4.1.1: Village Roads: NaRM-Gs supported financially to construct Common Facility Centres (CFC)</i>	114 kacha & 24 pucca CFCs financed	41 kacha, 8 pucca	41 kacha, 8 pucca	100	114 kacha, 24 pucca	80 kacha, 23 pucca	75
<i>Output 4.1.2: Rural Roads: NaRM-Gs supported financially in constructing rural roads</i>	139 km of rural roads financed	33	34	103	139	171	123
<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		0
<i>Output 4.1.5: Rural Electrification: NaRM-Gs supported financially in establishing solar power systems</i>	6 solar power system financed	735	735	100	6	1446	24100

<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-component 5.1</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	241	241	100	1306	1077	82
<b>Sub-component- 5.2: Forestry development</b>							
<i>Output 5.2.1 Forestry Development: Communities supported financially to establish NTFP plantations</i>	584 ha of NTFP plantations financed	49	49	100	584	493	84
<i>Output 5.2.2: Forestry Development: Communities supported financially in establishing forestry development and small scale engineering works</i>	1406 ha of forestry development and small scale engineering works financed	78	78	100	1406	687	49
<b>Sub-component- 5.3: Communication and knowledge management</b>							
<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	26	130



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<i>Output 5.3.2:</i> Communications & KM: Media persons exposed to project activities	6 events of media exposure financed	1	1	100	6	1	17
<i>Output 5.3.3:</i> Communications & KM: Project will organise Neat Fest for SHG members	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				22	4	18
<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 31-12-2014**

Financier	Appraisal (USD '000)	Revised Allocation MTR (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD loan	20,211	20,133	15,321	76.10%
Government	17,415	11,351	9,216	81.19%
Financial Institutions	2,056	-	-	-
Community Contribution	1,602	1,472	1,903	129.28%
<b>Total</b>	<b>41,284</b>	<b>32,956</b>	<b>26,440</b>	<b>80.23%</b>

**Table 5B: Financial performance by financier by component (USD '000) as at 31-12-2014**

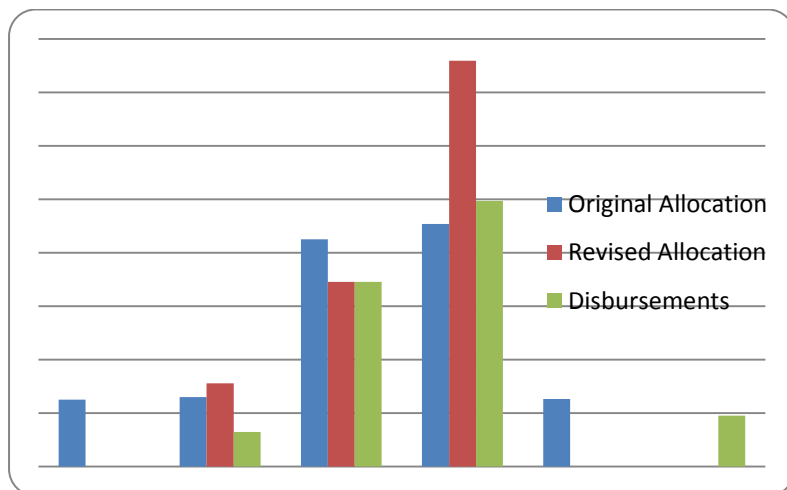
Component	IFAD loan				Government				Financial Institutions				Community				Total			
	Appraisal	MTR	Actual	%	Appraisal	MTR	Actual	%	Appraisal	MTR	Actual	%	Appraisal	MTR	Actual	%	Appraisal	MTR	Actual	%
Capacity Building	1,567	2,247	933	41.54	2,373	1,462	1,184	80.95	-	-	-	-	-	-	-	-	3,941	3,709	2,117	57.08
Economic Livelihood Activities	11,729	11,127	9,094	81.73	2,866	2,122	2,274	107.14	2,056	-	-	-	954	660	967	146.55	17,606	13,909	12,335	88.68
Social Sector Activities	1,727	-	-	-	559	-	-	-	-	-	-	-	226	-	-	-	2,512	-	-	-
Village Road and Rural Electrification/Community Infrastructure	4,176	5,899	3,557	60.29	1,465	737	889	120.65	-	-	-	-	422	737	859	116.61	6,063	7,373	5,305	71.96
Community based bio-diversity conservation (NRM)	1,011	860	520	60.52	241	78	198	254.48	-	-	-	-	75	76	101.94	101.94	1,252	1,013	795	78.52
Project Management	-	-	-	-	9,910	6,952	4,671	67.20	-	-	-	-	-	-	-	-	9,910	6,952	4,671	67.20
<b>Total</b>	<b>20,210</b>	<b>20,133</b>	<b>14,105</b>	<b>70.06</b>	<b>17,414</b>	<b>11,351</b>	<b>9,216</b>	<b>81.19</b>	<b>2,056</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,602</b>	<b>1,472</b>	<b>1,903</b>	<b>129.29</b>	<b>41,284</b>	<b>32,956</b>	<b>25,224</b>	<b>76.54</b>

Note: 1 USD = INR 53.78 upto Dec 2013 and INR 60 from Jan 1, 2014

**Table 5C: IFAD loan disbursements (SDR, as at 30-04-15)**

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	644,289.30	-	909,210.70	41.47
III	Revolving Funds	4,250,000	3,455,800	3,456,694.04	-	(894.04)	100.03
IV	Village Development Funds	4,540,000	7,590,700	4,966,074.34	-	2,624,625.66	65.42
V	Unallocated	1,260,000	-	-	-	-	-
	Initial deposit	-	-	9,51,095.77	-	(951,095.77)	100.00
	<b>Total</b>	<b>12,600,000</b>	<b>12,600,000</b>	<b>10,018,153.45</b>	<b>-</b>	<b>2,581,846.55</b>	<b>79.51</b>

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



## 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 the 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>(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, 2015	Complied with – January 30, 2015	
<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 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.	Ongoing	Complied with	
<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	

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
<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 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.	Ongoing	Complied with. System has been established and data is being fed into the system.	
<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 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	Ongoing	Complied with	

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
	reporting period.			
<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 – The societies also record amounts recd from the Govt in respect of other schemes in the same books.	
<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, 2014 and every year thereafter	Complied with on 27-06-2014	
<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, 2014 and every year thereafter	Complied with on 08-08-2014	
<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 10.03</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	

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
<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.	After completion of first year's audit	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.	Prior to withdrawal	PIM is revised	
	<b>Special Covenants</b> <b>1.</b> 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	
	<b>2.</b> 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	
	<b>3.</b> In line with the targeting strategy followed by NERCORMP, the 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.	Ongoing	Complied with	
	<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 therefor 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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- The increasing positive attitude of the people towards conservation and management of natural resources and awareness on environmental issues by way of the needs to protect and managed their local natural resources have been on the rise. There has also been increasing participation of women and youth in many villages in biodiversity conservation, plantations of locally valued tree and plant species, protection of rivers and water bodies.
  - The positive changes in enterprise sector with many individuals and groups taking up nonfarm activities such as juice making, pickle making, bread and biscuit making, hand woven items out of water hyacinths, wood craft, etc. are indeed encouraging signs of changes in the livelihoods landscape. In most cases, the project is also able to support communities in getting the food grading and obtaining the necessary certification.
  - There are also enormous improvement in management and maintenance of village infrastructures by communities. In most cases the NaRMGs and village authorities are taking collective initiatives in this respect. The communities have started collecting their own funds for maintenance of these infrastructures. They also conduct social work or contributory free labour for cleaning and maintenance of community infrastructures.
  - Although the AWPB is prepared on the basis of action plan submitted by the communities, most often communities have ambitious development plans which remains difficult due to limited budget in the project at the same time inability to secure convergence fund from state government even though the project has invested enormous time for the purpose. Remote locations of many of the project villages add to delivery cost and challenging situations for the project staff to reach out to these communities as often as required. Some communities in in Garo Hills and Karbi Anglong have high illiteracy among the elderly women due to which maintenance of books of accounts and records by SHGs are challenging.
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### Innovation: Describe any interesting innovation noted during supervision

#### 1. “Replicating the Thai idea on water hyacinth”

The rural women from Betasing block in Garo Hills, Meghalaya undertook training on Thai Technology at the North East Development Finance Corporation (NEDFi) house sponsored by North Eastern Council (NEC), in Guwahati , Assam.

The women SHG participants from Purasingga and Puthimari villages in Meghalaya’s South West Garo Hills, have learned to create products from water hyacinth such as decorative items, including handbags, purses, hats, box, baskets and other fashion accessories. The water hyacinth which was a waste earlier is a useful material now, as communities are making use of it for making useful products and livelihoods.



The groups are now participating in different local fairs and exhibition to display and sell their products. In a week, they can work on two to three items and earn about Rs. 1500 (approximately USD 25). The villagers are so excited about their innovation and are training more people, so that they can cater to the growing demand of their products.

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## 2. “Chengga Juice”.

A remote village in Meghalaya’s West Garo Hills has produce juice under its own brand “Chengga”. The different variety of seasonal fruits and wild berries are being used to produce juices, which has become a popular brand in different markets of Garo hills. The villagers of Rangmangre under Gambegre development block conceptualized the idea of producing the juice in 2010.

The village has vast area under orange and pineapple cultivation which made it viable for starting the processing unit. With appropriate training facilitated by NERCORMP-IFAD and with small investment, the village NaRM-G and women self-help group (SHG) in the village are operating the small processing unit. The unit produces about 1500 litres of juices every month. Different varieties of juices are produce in different seasons from available fruits in the village.

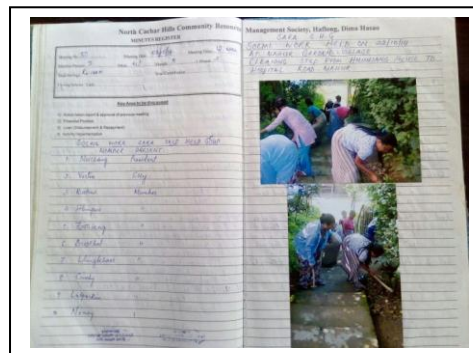
The NaRM-G of Rangmangre manages a sustained income by selling the juices in the local market. A 500 ml bottle of juice is priced at Rs. 100 in the local market. The juice processing unit has given the villagers a reason to smile. Their brand is also being promoted and marketed by NERCORMP as “Neat Chengga Juice”, which is now going beyond Garo Hills.

The NERCORMP Project is helping the villagers to market their produce in various exhibitions, and through NERCORMP brand and also assisting the NaRM-G to ensure that the juice produce are of good quality and processed in hygienic environment.

## 3. Thinking out of the Box : Sara SHG, Mahur Garden village, Dima Hasao, Assam

Sara Self Help Group is a 10 member group from Mahur Garden Village in Dima Hasao district of Assam. The group takes up social work activities besides their income generating activities (IGA). The group has come up with an innovative practice of photo documenting their activities. They collect the photos for each activity that they do as a group or individually.

The group felt that the need to capture and document their activities, but since they were not literate enough to write, they thought that they would do it through photography. Each member submits photographs of the activities to the Secretary, particularly for all the IGAs for which they have taken loans. These photographs are then attached in their minutes register for future reference and to ensure successful implementation of the activities, thereby creating transparency and accountability of the group members. The members use their own mobiles to capture the photographs of their activities.



### Project initiatives to replicate and scale-up the innovations

- Internal village exposure trips were organised to these villages for other project villages so as to interact and learn from the communities, see the outcome of the activities and be motivated themselves. Now water hyacinth weaving is not confined only to Purasingga and Puthimari village but to other neighbouring villages as well.
  - Exposure to new technologies have helped the communities tremendously for implementation and upscaling of different project activities in their own villages. Group leaders are being trained by the project to lead their groups in different activities.
  - Groups across the project area can take up initiatives to document their activities. This will not only help them to keep a track of their activities but also give them a learning experience and knowledge of capturing and documenting at the community level. Hearing the stories of Sara SHGs, many other groups have also started doing social works and documenting their activities.
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