

Document of
The World Bank

Report No: 20203-IN

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 75.0 MILLION

(US \$100.48 MILLION EQUIVALENT

TO

INDIA

FOR A

RAJASTHAN DISTRICT POVERTY INITIATIVES PROJECT

March 31, 2000

SASSD & SASRD
South Asia Regional office

CURRENCY EQUIVALENTS
(Exchange Rate Effective March 2000)
Currency Unit= Indian Rupees (Rs.)
Rs. 1.00= US\$ 0.023

FISCAL YEAR
April 1- March 31

ABBREVIATIONS AND ACRONYMS

ANM	Auxiliary Nurse Midwife
APPs	Anti-Poverty Programs
ARCS	Audit Reports Compliance System
BPL	Below the Poverty Line
CAS	Country Assistance Strategy
CB	Capacity Building
CBO	Community Based organization
CEO	Chief Executive Officer
CF	Community Facilitator
CIF	Community Investment Fund
CIG	Common Interest Group
DC	District Collector
DCBSU	District Capacity Building Support Unit
DIC	District Industries Center
DPCC	District Capacity Coordination committee
DPEP	District Primary Education Project
DPIP	District Poverty Initiative Project
DPM	District Project Manager
DPMU	District Project Management Unit
DRDA	District Rural Development Unit
DWDA	District Women's Development Agency
DWRC	District Women's Resource Center
EA	Environment Agency
EAR	Environmental Assessment Report
EC	Empowered Committee
EIA	Environmental Impact Assessment
EMF	Environmental Management Framework
EMP	Environmental Management Plan
ER	Environment Review
ESC	Environmental Screening Criteria
FI	Financial Institution
FMS	Financial Management System
GC	Governing Council

Vice President:	Mieko Nishimizu
Country Manager/Director:	Edwin R. Lim
Sector Managers/Directors:	Ridwan Ali & Lynn Bennett
Task Team Leader/WPA Team	
Leader:	Meera Chatterjee/Gajanand Pathmanathan

	Geographic Information System
GIS	
GOI	Government of India
GOR	Government of Rajasthan
GP	Gram Panchayat
GSA	Group Self- Assessments
GSDP	Gross State Domestic Product
IAS	Indian Administrative Service
ICDS	Integrated Child Development Services
IGAs	Income-Generation Activities
IGPRS & RDI	Indira Gandhi Panchayati Raj and Rural Development Institute
IRDP	Integrated Rural Development Agency
IWDP	Integrated Watershed Development Program
JRY	Jawahar Rozgar Yojana
JGSY	Jawahar Gram Samridhi Yojana
LACI	Loan Administration Change Initiative
LEA	Limited Environmental Assessment
MADA	Modified Area Development Agency
M&E	Monitoring and Learning
MIS	Management Information System
MOU	Memorandum of Understanding
MTR	Mid –Term Review
NABARD	National Bank for Agriculture and Rural Development
NCB	National Competitive Bidding
NGO	Non-Governmental Organization
O&M	Operation and Maintenance
OBC	Other Backward Classes
OM	Operational Manual
PD	Public Deposit
PFMS	Project Financial Management System
PIP	Project Implementation Plan
PMR	Project Management Report
PR	Peer Review
PRF	Performance Reporting Form
PRI	Panchayati Raj Institution
RBI	Reserve Bank of India
SA	Social Assessment
SAPAP	South Asia Poverty Alleviation Project
SHG	Self-Help Group
SC	Scheduled Caste
SCBC	State Capacity Building Cell
SGSY	Swarnjayanti Gram Swarozgar Yojana
SIDA	Swedish International Development Agency
SLBC	State Level Banking Committee
SOE	Statement of Expenditure

SPD	State Project Director
SPMU	State Project Management Unit
ST	Scheduled Tribe
SWRC	State Women's Resource Center
TDP	Tribal Development Plan
TNA	Training Needs Assessment
TOR	Terms of Reference
TOT	Training of Trainers
TSP	Tribal Sub-Plan
UNDP	United Nations' Development Program
UNFPA	United Nations' Fund for Population Activities
UNICEF	United Nations' Children's Fund
VDA	Village Development Association
WDP	Women's Development Program

RAJASTHAN DISTRICT POVERTY INITIATIVES PROJECT

CONTENTS

A. Project Development Objective

- | | |
|----------------------------------|---|
| 1. Project development objective | 2 |
| 2. Key performance indicators | 2 |

B. Strategic Context

- | | |
|---|---|
| 1. Sector-related Country Assistance Strategy (CAS) goal supported by the project | 2 |
| 2. Main sector issues and Government strategy | 3 |
| 3. Sector issues to be addressed by the project and strategic choices | 4 |

C. Project Description Summary

- | | |
|--|---|
| 1. Project components | 5 |
| 2. Key policy and institutional reforms supported by the project | 5 |
| 3. Benefits and target population | 6 |
| 4. Institutional and implementation arrangements | 7 |

D. Project Rationale

- | | |
|---|----|
| 1. Project alternatives considered and reasons for rejection | 12 |
| 2. Major related projects financed by the Bank and other development agencies | 14 |
| 3. Lessons learned and reflected in proposed project design | 15 |
| 4. Indications of borrower commitment and ownership | 16 |
| 5. Value added of Bank support in this project | 17 |

E. Summary Project Analysis

- | | |
|---------------------|----|
| 1. Economic | 17 |
| 2. Financial | 18 |
| 3. Technical | 19 |
| 4. Institutional | 19 |
| 5. Environment | 21 |
| 6. Social | 22 |
| 7. Safeguard Policy | 24 |

F. Sustainability and Risks

- | | |
|-----------------------------------|----|
| 1. Sustainability | 25 |
| 2. Critical risks | 25 |
| 3. Possible controversial aspects | 27 |

G. Main Loan Conditions

- | | |
|----------------------------|--|
| 1. Effectiveness Condition | |
|----------------------------|--|

2. Other

H. Readiness for Implementation

I. Compliance with Bank Policies

Annexes

Annex 1: Project Design Summary

Annex 2: Project Description

Figure 1: Project Management Structure

Figure 2: Project Approval and Funds Flow Arrangements

Attachment 1: Formulation and Development of common Interest Groups

Attachment 2: Selection of Non-Governmental Organizations

Attachment 3: Capacity Building

Attachment 4: Sub-Project Eligibility Criteria

Attachment 5: Sub-Project Appraisal Process

Attachment 6: Sub-Project Agreement

Attachment 7: Environmental Assessment

Attachment 8: Monitoring and Learning System

Attachment 9: Gender Strategy

Attachment 10: Tribal Development Plan

Annex 3: Estimated Project Plan

Annex 4: Economic Assessment

Annex 5: Financial Summary

Annex 6: Procurement and Disbursement Arrangements

Attachment 1: Procedures to be followed for NCB Contracts

Annex 7: Project Processing Schedule

Annex 8: Documents in the Project File

Annex 9: Statement of Loans and Credits

Annex 10: Country at a Glance

MAP(S)

IBDR No. 30820

INDIA
RAJASTHAN POVERTY INITIATIVES PROJECT

PROJECT APPRAISAL DOCUMENT

South Asia Regional Office
SASSD & SASRD

Date: March 31, 2000 Country Manager/Director: Edwin Lim Project ID: P010505 Lending Instrument: Specific Investment Loan(SIL)	Team Leader: Meera Chatterjee Sector Manager/Director: Ridwan Ali Sector(s): SA – Social Funds & Social Assistance Theme(s): POVERTY REDUCTION Poverty Targeted Intervention: Y
---	--

Project Financing Date				
Loan	Credit	Grant	Guarantee	Other (Specify)
<u>For Loans/Credits/Others:</u>				
Amount (US\$m): SDR 75.0 million (US\$ 100.48 million equivalent)				
Proposed Terms: Standard Credit				
Grace period (years): 10			Years to maturity: 35	
Commitment fee: 0.5%			Service Charge: 0.75%	

Financing Plan:	Source	Local	Foreign	Total
Government		17.74	0.00	17.74
IBRD		0.00	0.00	0.00
IDA		87.90	12.57	100.48
BENEFICIARIES		6.57	0.00	6.57
Total:		112.22	12.57	124.79

Borrower: GOI
Responsible agency: GOVERNMENT OF RAJASTHAN Department of Rural Development

Estimated disbursements (Bank FY/US\$M):							
FY	2001	2002	2003	2004	2005	2006	
Annual	3.8	9.4	15.5	26.4	30.9	14.5	
Cumulative	3.8	13.2	28.7	55.1	86.0	100.5	

Project implementation period: 2000-2005
Expected effectiveness date: 07/01/2000 Expected closing date: 12/31/2005

A. Project Development Objective

1. Project Development Objective: (see Annex 1)

The long-term goal of the project is to reduce poverty in the selected districts of Rajasthan which are amongst the poorest in the state. The project's development objective is to improve the economic opportunities, living standards and the social status of the poor in selected villages of these districts specifically, the project would: (a) mobilize and empower the poor and help them to develop strong grassroots organization that facilitate access to end participation in democratic and development processes; (b) support small-scale sub-projects that are priorities chosen, planned and implemented by poor; (c) expand the involvement of the poor in economic activities by improving their capacities, skill access to social and economic infrastructure and services, and employment opportunities; and (d) in the abilities of non-government, government and elected government (Panchayati Raj) instruction (f) hear, reach and serve poor clients, i.e., to function in a more inclusive and participatory manner.

2. Key performance indicators: (see Annex 1)

A sample of key performance indicators that would be used to assess achievement of the development objective is given below.

Indicators of Social Capital Development

- No. of Common interest groups formed among the poor, active, and sustained (including range of activities, etc.); also, women's groups and tribal groups
- Improved social status of participant households and capacity to participate in collecting beyond the project
- Inclusiveness of PRIs in decision-making
- Operation and management arrangements, including type, regularity and value benefit contributions.

Indicators of Economic (including infrastructure) Improvements

- Number of Sub-Project proposals submitted, funded and implemented
- Infrastructure created: type, number, economic value, quality utilization
- Improvements in practical skills among participants (e.g., planning and decision-making productive, entrepreneurial, technical, financial management skills)
- Increase in access to end utilization of social and economic services (including edit, markets, health, and education)
- Number of credit-worthy, bank-linked groups; volume of savings and formal sector micro-enterprises started and successful
- Increased income and assets among participants households, related to: (a) skill developed (b) infrastructure improvements (c) access to economic/social services

B. Strategic Context

Sector-related Country Assistance Strategy (CAS) goal supported by the project (see Annex)

Document number: CAS: 17241-I

Date of latest CAS discussion: 01/15/98

Progress Report No. R99-12, IDA/R99-10

Discussed on

The key objective of the Bank Group's assistance to India is to reduce poverty by accelerating economic growth with equity. The Country Assistance Strategy (CAS) specifically proposes to assist to develop innovative, well-targeted programs to reduce poverty. This project would be one such

initiative two similar projects are being prepared in Andhra Pradesh and Madhya Pradesh. The areas in which investments would be made under the project social organization and development, human capital development, agriculture and allied activities, natural resources management, infrastructure are among the priority sector identified in the CAS. The Country Strategy includes a focus on states with a commitment to economic reforms. The state of Andhra Pradesh embarked on reforms with Bank assistance; and while in dialogue with the Bank regarding possible assistance to its program. Finally, the CAS aims to promote decentralization and beneficiary participation in development, which are key aspects of the proposed project.

2. Main sector issues Government strategy:

As the Bank's 1997 India Poverty Assessment reported, the incidence of poverty in rural areas was around 36.7 percent in 1993-94. Rajasthan rural poverty ratio was 47.5 percent. This mass of poverty encompasses people who live in resources-poor regions, those who lack productive assets (especially land), skills or capacities due to ill-health, disability or illiteracy, and those who are inadequately organized to utilize available resources or services. Resources-poor regions are also generally those where infrastructure such as roads and markets is inadequately developed, which compounds the problem of inaccessibility and low productivity. Since the early 1950s, the Government of India and state governments have implemented programs to develop the resources of such regions (i.g., land development, agriculture, irrigation, forestry, water supply programs), or directly address the poverty of disadvantaged households. The direct anti-poverty programs (APPs) include efforts to provide wage-employment, productive assets (such as land or animals), Skills, credit, and food security. However, these efforts have not succeeded in reducing poverty to the extent necessary. High level of ill-health, low literacy among adults, and social problems such as gender and caste discrimination prevail, and also constrain the reduction of poverty.

Government development programs are implemented through a sizable government presence in the form of administration and technical agencies at the district and sub-district levels. However, low beneficiary involvement in planning, implementation and monitoring of these programs has resulted in many being supply-driven, primarily by numerical targets. Recently, several state governments in the country, including Rajasthan, have engaged in widespread social mobilization programs to improve the acceptability, utilization and accountability of public programs, and some multilateral and bilateral aid agencies such as UNCIEF, UNDP and SIDA have financed small-scale efforts of these nature. Particularly noteworthy in Rajasthan are the Women's Development Program, non-formal education efforts such as Lok Jumbish and Shiksha Karmi, and the Right to Information campaigns, all of which have heightened people, especially women's awareness and participation in development.

The bank's analytical reports on Rajasthan analytical report on Rajasthan draws attention to the state's low per capita income, lowest female literacy in the country (around 20 percent), worse than average health status, and extremely low status of women (i.g., only 27 percent of girls aged 10 years complete primary school, compared with 57 percent for the country as a whole). Although the state's economy has grown faster than that of the country as a whole over the past decade (at 6 percent compared with 5.3 percent), its public agencies are in financial distress while there is under-spending on infrastructure and social services. Spending in these areas is also not efficient: the quality of public infrastructure is poor, and there are imbalances in health infrastructure, worker and supply ratios. There is a great need for water conservation and irrigation measure, potable water, roads, schools, adult literacy, and basic health services. While the reform efforts would aim to rectify some of these problems through macro level fiscal adjustments and by improving the state's revenue position, this project aims at micro-level improvements, including improving the efficiency of spending by better targeting greater synergy, attention to intra-household issues, and people's participation in implementation as well as in operation and maintenance (Q&M) to ensure the long-term sustainability of investments. The development of appropriate approaches under the project, including management improvements, could assist the state government to improve the efficiency of its public expenditure more widely in the future.

3. Sector issues to be addressed by the project and strategic choice:

The major sector issues that this project would address are:

- The high incidence of poverty in resource poor areas;
- The multi factorial causation of poverty encompassing both social and economic dimensions;
- The inadequacy of infrastructure and public services in poor areas and/or their inaccessibility to poor people;
- Weak, or a lack of, organization among the poor;
- Inadequate targeting and inefficient management of development programs meant for the poor;
- The lack of community participation in the design and implementation of programs;
- Poor local-level accountability in development programs; and
- Inadequate synergy between different types of efforts to reduce poverty, i.g., direct and indirect anti-poverty measures, and efforts to address 'areas poverty' and 'people poverty'.

The state government is concerned about the intractability of poverty and is seeking innovative ways to address it. The proposed project aims to meet this need by developing a demand-driven approach in which the poor themselves identify the actions and investment required, and take responsibility in their implementation. Community ownership and contributions would be the cornerstones of the project. The project would establish the social institutional base for planning and implementation of activities in a wide range sectors. Implementation would involve public and private entities, with implementing agencies responsible communities, and user groups overseeing implementation. By applying strong participatory principles, the proposed project would ensure that activities and resources are targeted to those who need them and would utilize them efficiently. In sum, the project aims to improve the living standards of disadvantaged households through increased flexibility, efficiency and local ownership of government efforts and, for sustainability, to establish a system to allocate resources to the poor that can expand and drawn in other programs.

C. Project Description Summary

1. **Project components** (see Annex 2 for a detailed description and Annex 3 for a detailed cost breakdown):

Component	Sector	Indicative costs (US\$M)	% of Total	Bank-financing (US\$M)	% of Bank-financing
Capacity Building OF and FOR the Poor	Human Capital & Institutional Development	15.88	12.7	15.88	15.8
Community Investment Funds	Physical and Support Services	102.56	82.2	80.00	79.6
State and District Project Management	Institutional Development	6.35	5.1	4.60	4.6
Total Project Costs		124.79	100.00	100.48	100.00
Total Financing Required		124.79	100.00	100.48	100.00

2. **Key policy and institutional reforms supported by the project:**

The project would support key policy and institutional reforms which are under way in Rajasthan (and other parts of India) in the areas of poverty reduction, decentralization, fiscal management and administration. These include:

- Social mobilization and improved people's in implementation and management of programs through engagement of local workers, group-based approaches;
- Increasing the voice of the poor, particularly in local-level resources allocation, and improved targeting of programs to them, to women and other disadvantages groups;
- Addressing people's right to information and increasing accountability of public institutions;
- Lean and professional management structures and better deployment of staff;
- Flexibility and local adaptation of training, delivery systems, procedures and norms;
- More equitable use of public assets (i.g., lands, water resources, public building);
- Involvement of local government bodies (PRIs) in management, and of mechanisms such as gram sabhas for voicing and redressing grievances, decision making, etc.; balancing PRIs with wider people's organizations;
- Involvement of NGOs in training, services delivery, social mobilization, rendering of technical assistance and other support services, and government-NGO partnerships;
- Consolidation/integration of public programs aimed at poverty reduction/improved synergies between them; transfer of poverty-alleviation programs to the state sector;
- Collection of community contributions for capital as well as operation and maintenance (O&M) costs.

By supporting the above approaches, the project would demonstrate their value and impact, and provide a forum for continued dialogue with the state and central government on future reforms. The project is highly relevant to direct efforts to reduce poverty and to departmental programs, e.g., in health, education, drinking water and sanitation, watershed development, agriculture and animal husbandry. All these departments aim to reduce poverty and account for a much larger share of public spending than the anti-poverty Programs. Many are striving to achieve some of the strategic and policy changes listed above. Hence, the project would be instrumental in improving the efficiency and effectiveness of development programs at large.

3. Benefits and target population:

Target Population

To reach the poor, the project would utilize three of targeting

Geographic targeting: The project has selected the seven poorest districts of Rajasthan (20 percent of districts) and, within these, it would focus on the poorest blocks, villages and habitations. All districts in the state were ranked according to several economic and social criteria were: the percent of scheduled castes and tribes in the total population, the percent of agricultural laborers among total workers; the percent of the population below the poverty line; the proportion of villages not having a health facility within five Kilometers; the proportion of workers in manufacturing to total workers (an indicator of the industrial base of the district); the number of kilometers of road per 100 square kilometer area; cropping intensity; per capita rural income. The project districts are: Baran, Churu, Dausa, Dholpur, Jhalawar, Rajsamand and Tonk. The blocks in each district were also ranked in a similar manner.

Group targeting: The project would mobilize groups of poor people and target capacity-building and Sub-project investments to them. Group member would be from socially and economically disadvantages households, particularly Scheduled Castes, Scheduled Tribes, women, female-headed households, landless laborers and backward occupations.

Self-targeting: The project would focus on basic goods, small investments and activities, such as labor-intensive constructions, that primarily attract the poor.

Social assessments (SAs) were carried out in each district. In addition to identifying the poorest communities and the poorest groups in 'mixed' communities, the SAs determined their priorities, appropriate areas for intervention, and the most effective mechanisms to involve them in the project. A strategy for area coverage also evolved during the SA process: the project would begin in identified poor areas (village's clusters) of the two poorest blocks in each districts, and progressively cover additional clusters and the other blocks in the district. The SAs also initiated a participatory planning process that would be developed further during the project to ensure that communities access project funds and utilize them effectively. Social assessments would continue during the project to identify pockets of poverty, poor groups, and interventions in additional areas, and to provide feedback on project activities in areas already covered.

Benefits

About 350,000 poor families would benefit directly from the project. Benefits would include: empowerment through mobilization and organization, information and improved awareness of services, rights, etc; new improved skills; increased earning opportunities and incomes; and greater access to productive assets, infrastructures, and economic and social services. The poor in the proposed project districts would also benefit more broadly from improvements in the abilities of the district administrations and panchayats to respond to demand from poor clients, and from the resultant improved effectiveness (through better targeting and ownership) of on-going development programs, encompassing those that build infrastructure and/or deliver services.

4. Institutional and implementation arrangements:

The institutional arrangements include the organizations of the poor, and the mechanisms to ensure their access to funds for investments and technical support services, in addition to lean project management units (PMUs). The PMUs would be community-oriented and decentralized, with operational autonomy. Their most important attribute would be the ability to work with poor communities as well as with public and private institutions that provide relevant resources and services.

Common Interest Groups (CIGs) Common interest group would be the key organization of the project, formed among poor people living with in a proximity that makes it feasible to come together to plan, manage and implement small-scale projects of their choice. These groups would be organized and assisted by community facilitators (CFs), who are local community residents hired by local non-governmental organizations (NGOs). The CFs would work with the CIGs to priorities their needs and develop appropriate sub-projects, arrange for these to be appraised, technically assisted by government line departments or private agencies and financed, and help to manage and implement them. The CIGs would be fully responsible for implementation of the sub-projects, and for post-investment operation and maintenance. Further details about CIGs are given in Annex 2, Attachment 1.

Villages Development Associations (VDAs): At the habitation level, Village Development Associates would be formed to consolidate of CIGs and expand their ambit, transfer learning and assistance (technical, financial, and managerial) across CIGs, and resolve any conflicts that may arise. The VDAs would be responsible for ensuring that sub-project activities do not duplicate each other and are harmonized with other villages development activities, coordinating with the gram Panchayat/ Panchayat Samiti where appropriate. They may propose, undertake and be responsible for post-investments operation and maintenance of village-wide works. The VDAs would consist of all the members of the CIGs in a habitation, and their Executive committees would be comprised of a representative of each CIG, members(s) of the ward/ gram panchayat or sarpanch if resident in the specific habitation, other representatives of the villages elites, and that they carry out development activities to benefit the poor. The chairperson of the VDA would be the sarpanch of the gram panchayat in which the habitation is located (or his/her nominee). The committee would elect its own chairperson (who may or may not be a panchayat members). The CF would be the member secretary of the VDA and the committee.

Panchayati Raj Institutions (PRIs): while maintaining operational independence, CIGs and VDAs would be assisted to develop a productive relationship with the local PRI, normally the Gram Panchayats of the habitation/village. The project would focus on developing the dialogue between Gram Panchayat and CIGs on the problems and priority needs of the poor, and facilitate identification and preparation of community proposals for project financing which are endorsed by both CIGs and PRIs in the VDAs. Financing of such proposals would enable the project to build confidence and trust between the CIGs and PRIs. Project efforts would include preparation of micro-plans that meet the needs of the entire village community, and strengthening of financial management capacity. This approach is consistent with the state government's strategy to involve the panchayats gradually in developments programs, and to give high priority to the social and economic development of poor communities. It also fits well with the evolving relationships between community organization, PRIs, elected legislator, and civil servants.

Non-Governmental Organizations (NGOs): The project allocates several important roles to NGOs, who would be selected on the bases of agreed criteria and processes (see Selection of NGOs, Annex 2, and Attachment 2). NGOs supporting the project would be expected to have good track record of working with the poor, and to be accepted by the participating communities. They would be engaged by the project management to mobilize and organize communities train and assist them. There would be several CFs in each district, according to need, and they may work individually or in teams in each village community. The same or other NGOs would undertake the training or other capacity-building activities, or provide technical/managerial assistance to CIGs/VDAs for sub-project implementation and linkages with

financial institutions where relevant. NGOs who are willing to do such work, but lack adequate skills or focus on building institutional capacity to address poverty in backward districts.

District Project Management Units (DPMUs): Project support at the district level would be provided by proactive field units, the District Project Management Units. Each DPMU would have a District Project Manager (DPM), a senior professional for each of the following functions: Training and Community Development, Sub – Project Appraisal, Monitoring and Learning and Accounts/Administration, and other support staff as needed. The DPMUs would be autonomous district – level units in the state’s Rural Development Department, and responsible to the State Project Management Unit (SPMU), referring to it as needed, reporting according to a pre-defined time and task schedule, and obtaining necessary support from it. The DPMU would be responsible for planning and managing project activities at the district level and below, including disseminating information to motivate the village poor, recruiting NGOs; organizing training; sub – project appraisal; and support activities. The DPMUs would be responsible on a timely basis to the village groups, and for ensuring implementation/completion of sub – projects. They would maintain a roster of experts who would provide sector – specific technical assistance to CIGs/VDAs when the latter requests it, and to the project at large.

Project moneys would flow from the SPMU into Community Investment Funds (CIFs) at the district level to be readily available for community activities. The DPMUs would manage the CIFs and have powers to accord technical and financial approvals to sub – projects up to US\$30,000 equivalent. Above this cost, sub – project proposals would be sent to the SPMU for consideration as they would require the approval of the Bank. Funds for approved sub – projects would be passed on to CIGs and VDAs under terms set out in a sub – Project Agreement with the DPMU, and in accordance with procedures described in the section on **Project Financial Management System** below in Annex 6, and in the project’s Financial Management Manual. Over time, authority to make small investments would be developed by DPMUs to lower levels, according to local capacity to manage such funds. The DPMU would also be responsible for forward planning of the project in the district, environmental, technical and cost – benefit analysis of sub – projects, and, for contracting out/overseeing the continued social assessment to identify new areas, additional target group, and activities. Implementation of all project activities would be monitored by the DPMUs.

District Project coordination committees (DPCC). Would be established to ensure that DPIP – financed activities are coordinated with the on – going or planned activities of line departments and Panchayats and do not duplicate or conflict with interventions under other schemes. Another key role would be to ensure that the various project – related entities collaborate and wherever appropriate, that synergies are achieved between them. This mechanism is intended to improve the responsiveness of local service delivery institutions to the poor in the short term, and to assist in the transfer of successful project experience across agencies for greater project impact and sustainability. Each DPCC would be headed by the District Collector (who is also Executive Director of the *Zila Parishad*), and include the *Zile Pramukh* or her/his nominee, the DPM, key District Line Officers, and representative of participating NGOs, CIGs and VDAs. The DPCC would be a small body (10-15 members) with two – thirds non – official and one – third official members. A democratic process overseen by the SPMU would be followed to identify members to the DPCs, choosing those who support the principals and values of the program. The DPCC would ensure that the project maintains its community orientation and non – governmental involvement at all times.

State Project Management Unit (SPMU). The State Project Management Unit is envisaged as a lean entity – a small group of managers and professionals. It would be part of the GORs Rural Development Department, headed by a State Project Director (SPD), and staffed by an experienced professional for each of the following functions: Training and Community Development, Sub – Project Appraisal, Financial Control (heading the finance and accounting function), Financial Management, Monitoring and Learning, and other support staff as needed. It would oversee the functioning of the District Project Management Units. Its main roles would be: to facilitate and coordinate project activities across all project districts; staff recruitment; organizing cross – cutting activities such as workshops, study tours, exchange opportunities;

leading strategic and policy dialogue with other agencies of the state government and taking up project – related issues that arise across districts; ensuring timely and adequate funds flow to the districts and maintaining the project’s financial management system; providing assistance to sub – projects appraisal, environmental assessment, and gender – related activities; and monitoring and learning including contracting periodic independent evaluations.

Governing Council and Empowered Committee. The project as a whole would be overseen by a Governing Council (GC) headed by the Minister of Panchayati Raj and Rural Development, consisting of 15-20 members one third official and two thirds non-official. Its role would be to set policy for, oversee and guide the project to ensure that project objectives are met. The GC would take up policy – related project matters with other entities in government or in non – governmental forums. An Empowered Committee of the state government, headed by the Chief Secretary and including the Development Commissioner, Secretary Finance, Secretary Rural Development, Secretary Panchayati Raj, Secretary Planning and Special Secretary DPIIP (State Project Director), would be responsible for ensuring implementation of policy decisions, providing the necessary financial authorizations for the project, and ensuring the collaboration of other government departments.

Key Implementation Approaches

Training: The project’s capacity – building strategy is described in Annex 2, Attachment 3. The basic premise is that building a wide range of institutions which are inclusive and appropriately skilled would contribute greatly to poverty reduction and its sustainability. Initially, the capacities of project staff, NGOs and CFs to plan and carry out community – driven development would be enhanced. CFs, NGOs and DPMUs would then be responsible for providing information to communities about the project, and building and strengthening CIGs and VDAs among them. Further, this component would develop the capacities of other local institutions (PRIs, line departments, private agencies) to assist community – driven development and improve technical capabilities where these are inadequate to meet the needs of the poor in a given sub – sector. Local private entities are included because they are expected to participate in the project at the behest of communities who would contract works and services to them.

District Capacity Assessments were carried out during project preparation, covering line departments (staffing, budgets, training needs etc.), Panchayats and NGOs in each district. While certain aspects were found to be common across all districts (such as the type of formal training being carried out and resources available for it), other parameters were district – specific. The ensuing strategy emphasizes the need to decentralize capacity – building and tailor approaches to local needs. Numerous NGOs, line department officers, panchayat and community representatives participated in the Social Assessments, District Capacity Assessment and project preparation. The project would continue to build this constituency to promote the principles and approaches of the project, and strengthen institutions to implement the project and carry out project – related training of government and non – governmental personnel and communities.

Preparation, Appraisal and Financing of Sub – Projects. The major portion of project investment would be determined by sub – project proposals submitted by CIGs, VDAs and *Gram panchayats* for financing from the Community Investment Funds (CIF), operated by the DPMUs. On receiving proposals the DPMU would check its compliance with agreed eligibility criteria and a negative list, which are given in Annex 2, Attachment 4. If it complies, the sub project would be appraised. The approach to appraisal is described in Annex 2, Attachment 5. The DPMU would establish a multi – disciplinary Panel of Experts (individuals or firms) to undertake social, technical, environmental and financial appraisal of sub – projects and would return its approval (or reasons for rejection) to the proposing institution within fifteen days. It would enter into a Sub – Projects Agreement with the institution. A format that identifies, inter alia, the type of sub – project, the works and goods to be financed, and the cash or kind contribution from beneficiaries has been agreed and included in the Project Operational Manual (Annex 2, Attachment 6). Financial appraisal budgets/cost estimates as well as a review of actual expenditures. The latter would be carried out by the community groups as well as by the DPMU. The DPMU would examine sub – project costs and expenditure on a sample basis.

Eligibility Criteria for Sub – Projects: The eligibility criteria and negative list would be publicized so that participating communities know and understand them. Technical departments would also be aware of them and would be responsible for ensuring compliance where they are involved. In addition to criteria for sub – projects, eligibility criteria would be established for implementing agencies, including community groups, NGOs, private sector and government agencies.

Beneficiary contributions: Are requirements to confirm demand and ensure sustainability of investments. Participants Commitment to the Sub – Project of their choice is expected to be expressed through up – front cash, kind or labor contributions. The level of contribution would be sector – specific and not less than 10 percent of the total sub – project cost. The costs of operation and maintenance (O & M) of project – created assets would be wholly the responsibility of communities; or where assets originate from sub – projects put forward by GPs, or are transferred to them, the costs of O&M would be provided by the local government.

Community investments: Examples of the types of sub – projects that are likely to be financed include economic infrastructure such as village approach roads, community water and sanitation schemes mini – irrigation works, payments and marketplaces; social infrastructure such as village health posts and literacy centers; training and equipment for services such as animal husbandry; or micro – enterprise development. A sub – project could include capacity building that is managed by the group itself. A group could choose to implement a sub – project itself or engage contractors. Where the work is undertaken by the group technical assistance and quality control could be provided by technical staff of a line department or other identified sources. It is expected that sub – projects proposed by GPs would be mainly for community infrastructure extending across more than one habitation. They would nevertheless have to meet all eligibility criteria. Proposals for infrastructure would be discussed and agreed by GP and CIG representatives in the VDA to avoid duplication and to ensure that proposed investments would benefit the poor. Water – related sub – projects, would not in any way affect the quantity or quality of the waters flowing to any of the streams and rivers that the tributaries of the Ganges River, because none of the sub – projects would be in the catchments areas of those streams and tributaries. All activities are intended to meet the need for poor people, and would be community – based and community – managed. They would also be subjected to environmental screening, assessment and mitigation, as described in Annex 2, Attachment 7.

During the first two years of the project investments in infrastructure would be limited to 40 percent of the funds available annually in the CIF. After that the situation would be reviewed and allocations adjusted to ensure that other proposals from CIGs are not being crowded out by investments in infrastructure. The CIFs would not have a fixed size – funds would be transferred to each on the basis of demand and utilization to encourage competition between districts. However, to ensure that no district gains an unfair advantage over the others, the total amount to a district would be limited to 30 percent of the funds in the CIF component over the life of the project.

The eligibility criteria, sub – project appraisal process, beneficiary contribution rates, sub – project agreement, technical specifications, procurement and other implementation procedures are set out in the Project Operational Manual which has been discussed and agreed with GOR. The Manual would be revised from time to time (as agreed with the Bank) to reflect project implementation experience and the evolving needs of the poor.

Coordination with District Plans and Additionally. Project funds would be additional to district development funds (including those channeled through *panchayats*). Interventions financed by the project are expected to differ significantly from on – going activities on account of the participatory and community – managed dimensions, and because the project approach encourages full financing of activities as well as follow – on proposals to optimize the impact of investments. There is unlikely to be duplication with on – going anti – poverty programs, but the use of funds provided, for example, through *Swarnjayanti Gram Swarozgar Yojana* (SGSY) could be coordinated productively to support project

objectives. Responsibility for ensuring that project investments are additional and not substitutes or marginal supplements to on – going district programs would rest, importantly, with the structures above and below the district level, i.e., the State PMU and community committees, in addition to the DPMUs, DPCs and District Administrations (Collector) and *Zila Parishads*.

Over the long term, the project is expected to influence other programs aimed at the poor. The project's institutional arrangements (especially the VDAs and DPCs) are designed with this in mind. As these institutions become established, they would exercise increasing influence over other activities in the villages. Success in this project would encourage them to promote the use of community demand and decision – making processes in the allocation of resources from a number of different programs, including the state – and centrally – funded anti – poverty schemes. Thus, the impact of DPIP would include the spread of its methods to other programs, and potentially throughout the state. The process of rationalizing the numerous anti – poverty schemes has already been started by both GOI and GOR, and it is expected that the experience effective in reducing poverty because they harness the capabilities and meet the needs of the poor.

Participatory Monitoring and Learning: Monitoring and Learning (M&L) are critical in this project to plan, and make mid – course corrections, as well as to assess its impacts. The M&L system would involve and be used by all actors in the project from poor clients to NGOs project managers, and the Bank, to learn about on – going activities, achievements, gaps and failures. The main elements of the system are: (a) computerized performance tracking; (b) participatory process monitoring; (c) development audit; and (d) impact assessment. Details of the M&L system are given in Annex 2, Attachment8. The first activity, part of the impact assessment, would be a baseline survey (BLS) conducted in a sample of project and non – project villages/families by an independent agency experienced in quantitative and qualitative evaluation of field programs similar to DPIP. Towards the end of the project, the impact assessment would be similarly contracted out.

The task of setting up the broader monitoring and learning system for the project would be carried out in several stages. The initial focus would be on developing a strategy, including formats, procedures and methods, for elements (a) to (c) listed above. The strategy would emphasize the importance of self – assessment by beneficiaries, in particular, of group processes, skills, decision making capabilities and sustainability. The SPMU would work with a selected agency to develop the computerized tracking system and engage an independent agency to develop and undertake the process monitoring. The second stage would be to develop an M&L manual (including reporting formats), the software package and training modules for project staff, NGOs, CFs and community groups. These stages would be completed by project start – up. Responsibility for operating the performance tracking system would be with the project units at district and state levels. Process monitoring would be carried out by CIGs and CFs on a continuous basis, with the assistance of the outside agency.

Another dimension of project learning would be cross – learning among the three proposed DPIP states – Andhra Pradesh and Madhya Pradesh, Rajasthan. As the objectives and basic design of these three projects are similar, it is planned to share information on their implementation experiences, and transfer strategies, procedures and instruments across locations. This process occurred throughout project preparation (e.g., through joint workshops, exchange visits of project planners, shared membership of the Bank task teams) and would continue to be fostered by the individual states as well as the Bank. Other mechanisms for sharing would include dissemination of reports, joint study tours, and common consultants. The Bank would also organize multi – state events during supervisions missions.

Reporting and Mid – Terms Review (MTR). The SPMU would submit to IDA a six – monthly progress report and a comprehensive annual report. The six-monthly reports would consist of (a) physical and financial expenditure data (b) a progress report on performance indicators (c) successes and problems encountered, with suggested remedial actions; (d) socio – economic and environmental impacts; and (e) progress against benchmarks in implementing policy reforms. These reports would be in addition to the quarterly Project Monitoring Reports (PMRs) which will be generated by the computerized financial

management system from the start of the project. The annual report would cover all quantitative and qualitative aspects of implementation progress, including implementation plans for the following year.

The Mid – Term Review would be an in – depth assessment of progress and an opportunity to change course where appropriate. As an input to the MTR, the SPMU would commission specific studies as part of the M&L work on: (a) the effectiveness and efficiency of the institutional and implementation arrangements (b) the impact of the project’s capacity building program including the program to secure credit for interested groups on the quality and performance of CIGs/SHGs and their access to credit from the lending institutions; (c) fiscal impact on the state budget and effectiveness of DPIIP and (d) overall impact of the project. The terms of reference for the proposed studies would be developed by SPMU and amended as necessary based on comments provided by IDA. The SPMU would take responsibility for contracting and managing consultants provided by IDA. The SPMU would take responsibility for contracting and managing consultants engaged for the proposed studies. The studies would be completed and reports provided to IDA three months before the MTR. The overall MTR report would include the results of the DPIIP Development Audit conducted in the second year of the project.

D. Project Rationale

1. Project alternatives considered and reasons for rejection:

During the early preparation of this project, which involved the Government of India, the state Governments of Rajasthan, Andhra Pradesh and Madhya Pradesh, and the Bank, several alternatives were considered.

Support of Existing Anti – Poverty Programs: The Bank could assist on-going anti-poverty programs such as the Integrated Rural Development Program (IRDP, now combined with other programs into the *Swarnjayanti Gram Swarozgar Yojana*, SGSY), a beneficiary-oriented credit program, or the wage-employment creation, *Jawahar Rozgar Yojana* (JRY, now known as the *Jawahar Gram Samridhi Yojana*, JGSY) or Employment Assurance Scheme (EAS). However, these programs are centrally-sponsored and implemented throughout the country with limited state contributions and very little beneficiary participation and would require major improvements to achieve significant poverty reduction. These programs were the subject of the 1998 India Poverty Assessment, which concluded that they have not reduced poverty to extent needed.

A Larger, Specific Investment Project: Early proposals for a poverty alleviation project envisaged very a large (US\$500 million) investment in a few selected activities. While this approach was multi-sectoral, it was not tailored to meet the many and locale-specific needs of the poor. Nor did it develop the organizational framework to involve potential beneficiaries in the selection or implementation of activities, to enhance ownership, accountability and sustainability. It was felt that the impact of such an investment would be limited in much the same way as that of existing programs. A specific investment project would have been implemented by one or more line departments, accustomed to implemented top – down and target – driven programs.

The Panchayati Raj Model: This would be the ‘democratic’ alternative, as PRIs are elected by the people, have the potential to respond to communities at the local level, and can be voted out if they do not perform well. However, the model would be problematic at the current time because *Panchayats* frequently do not represent the poor or excluded. Social structures may prevent adequate attention to the poor. Decision – making is not transparent, and they have not yet learned how to manage resources. PRIs have weak capacities for implementation, and fiscal devolution policies are still evolving. It would be to establish a stable working environment because of the evolving relationship between PRIs, politicians and the bureaucracy.

The Social Fund Model would transfer funds to NGOs and other agencies working directly with the poor. It has the potential for better targeting to the poor and local adaptation. However, in the Indian context, it is limited in scope because, although there are many NGOs in the state, they collectively cover a fraction of the population, and few are found working in the most difficult areas. Long-term sustainability is also at issue because the approach bypasses existing institutions such as PRIs. It is less likely to transfer learning to other institutions, and even to poor communities as the institutions may create dependency rather than develop lasting capacities for self-help.

Alternative Institutional Arrangements: During project preparation, various institutional arrangements were considered, e.g., management by the District Rural Development Agencies (DRDAs), on the one hand, or full implementation of the project by NGOs or by an independent Society, on the other. The institutional arrangements arrived at represent GORs and the Bank’s joint agreement on what is most likely to ensure: (a) full participation of the poor; (b) innovation; (c) partnerships for wider impact; (d) sustainability; and (e) influence on other development programs. Project management was not placed in the DRDAs, which are directly funded by the Central Government, in order o enhance its potential to involve and impact other district and state – level departments. Importantly, the proposed project brings villages groups into focus, providing them with greater control as well as responsibility.

2. Major related projects financed by the Bank and/or other development agencies (completed, ongoing and planned).

Sector	Project	Latest Supervision (PSR) Ratings (Banks financed projects only)	
		Implementation Progress (IP)	Development objective (DO)
Bank-financed Agriculture	Agriculture Development Project: Rajasthan (1993)	S	S
	Bihar Plateau Development Project (1993)	S	S
Rural Development	Uttar Pradesh Sodic Land Reclamation Project II (1999) (Phase I – 1993)	S	S
Natural Resource Management	Forestry Projects: Madhya Pradesh (1995), also Andhra Pradesh (1994), West Bengal (1992), Maharashtra (1992)	S	S
	Integrated Watershed Development Project Hills II (2000) (Hills I(1990), Plains (1990))	S	S
Micro-Credit & Micro-Enterprises	Rural Women's Development (1997)	S	S
Rural Water Supply & Sanitation	Uttar Pradesh (1996)	S	S
	Kanrataka (1993)	S	S
Education	Raj. District Primary Edu. Project (1999)	S	S
Women and Child Development	Women and Child Develop. (1998)	S	S
Poverty Reduction	Proposed Andhra Pradesh District Poverty Initiatives Project (2000)		
Poverty Reduction	Proposed Madhya Pradesh District Poverty Initiatives Project (2001)		
Other development agencies			
Social Mobilization	GOR Women's Develop. Program		
Education	SIDA supported Lok Jumbish NORAD supported Shiksha Karmi		
Integrated Social Services	UNICEF Community based Convergent Services		

IP/DO Ratings: HS (Highly Satisfactory), S (Satisfactory), U(Unsatisfactory), HU (Highly Unsatisfactory)

3. Lessons learned and reflected in the project design:

The three proposed DPIPs (Rajasthan, Andhra Pradesh and Madhya Pradesh) are the first multi – sectoral projects supported by the Bank in India and targeted exclusively at the poorest segments of the population. They have nevertheless drawn on extensive experience in on – going projects. For example, some projects, such as the Uttar Pradesh Sodic Lands Project, have shown how the poor themselves wish to establish organizational structures and engage in multiple activities in order to mitigate risk and participate more fully in development. Several Bank projects have sought to involve beneficiaries in planning and implementation, and have shown how communities will contribute towards investment and operating costs if they are assured a good service. Among the more successful are the Integrated Watershed Development Projects, which have demonstrated the viability of a strategy based on the formation of user groups, their potential to manage project activities, and the effectiveness of community

contributions. Similar lessons also emerge from the Karnataka and Uttar Pradesh Rural Water Supply and Sanitation Projects. The Forestry projects, particularly in West Bengal and Andhra Pradesh, have also demonstrated the potential of community groups such as Joint Forest Management Committees, and the value of successful partnerships between community organizations, NGOs and the Government. Some projects have encountered difficulties of which this project is mindful, such as conflicts of interest in planning and implementation. The institution – centered approach of this project seeks to place planning exclusively in the hands of organized poor groups and to strengthen the responsiveness and abilities of agencies charged with implementation.

Early preparation of the three proposed DPIPs was carried out jointly resulting in common objectives in similar basic designs. The experiences of non – going programs in each state were shared. An important lesson from the UNDP – assisted South Asia Poverty Alleviation Project (SAPAP) in Andhra Pradesh was that it is not enough to mobilize communities for social action – they want economic opportunities and need investments, alongside social development. Hence, the DPIPs seek to mobilize communities and provide them the support to improve productivity. They also include support to develop linkages with credit institutions to expand micro – enterprise opportunities. Another relevant lesson of SAPAP was that NGO involvement must be selective and focused. These lessons were applied to the specific situations in each state, resulting in some differences in project design. Nevertheless, the three states all recognize the value of continued interaction, and several mechanisms are planned to promote cross – learning during implementation (see the section on *Participatory Monitoring and Learning*).

In addition to lessons learned from India, the proposed has drawn on Bank experience elsewhere. Up to the end of FY96 the Bank had approved 51 Social Fund Projects in 34 countries, amounting to commitments of over US\$ 3.1 billion. These were evaluated in 1998 and this project's design incorporated lessons from some of them. In particular, the following aspects of project design have benefited from the findings of the evaluation: (a) the creation of a decentralized project management structure with control over the sub – project approval to expedite decisions and minimize political interference; (b) streamlined procurement and disbursement rules and regulations to ensure speedy implementation; (c) competitive employment conditions for project management staff to attract and retain competent and motivated individuals; (d) detailed Operational Manual, computerized MIS, standardized financial management procedures, regular and rigorous auditing and quantitative and qualitative evaluations of project outcomes, all aimed at ensuring transparency, accountability and development effectiveness; (e) mechanisms for sectoral coordination that are flexible enough not to compromise the independent and efficiency of the State and District PMUs; and (f) incorporation of physical and financial sustainability criteria for sub – project eligibility, to ensure a continued flow of benefits.

4. Indications of borrower commitment and ownership:

The state government has been steadfast in its request for Bank assistance for a poverty reduction project, whose importance has been expressed by senior ministers and bureaucrats. It has shown its commitment to the project throughout preparation, completing several tasks which demonstrate both its commitment and early readiness for implementation.

- It identified project districts on the basis of poverty indicators, and subsequently conducted extensive Social Assessments and detailed District Capacity Assessments in the selected districts. These facilitated selection of priority blocks, village clusters and social groups for project start-up, and the preparation of a plan to cover the districts during the project period. The activities involved government officials, NGOs other private institutions, and potential, beneficiaries, building wide support for the project.
- It established a State Project Management Unit early in preparation, and has maintained this along with contact persons in each districts. The SPMU has adequate office space and equipment, and key staff have been recruited (the State Project Director, Finance Manager, Training & Community Development Officer, Project Appraisal Officer, Monitoring and Learning Officer). District Project Managers are also in place, and the

district – level Training & Community Development Officers, and Accounts Officers would be in position by project start – up.

- Building on its good track record of working with NGOs it has selected a first group for project implementation, including community mobilization, group formation, and training activities.
- It has developed a comprehensive capacity building strategy and a plan for the first year, and identified the lead institutions for capacity building activities. It has prepared a Project Implementation Plan; an Operational Manual agreed with the Bank; the procurement plan for the first year, including bidding documents for two NCB contracts, and typical bidding documents for three types of works likely to be financed under the project; the Financial Management Manual and software; and the Environmental Assessment Report. It retained consultants to implement the last two activities, and to further develop the Sub – Project Appraisal guidelines.
- It has included the overall project budget and counterpart funding in the annual budget for Indian FYs 1999-2000 and 2000-2001.
- It has constituted the Governing Council and Empowered Committee for the project.

In general, the state is committed to expanding participatory approaches and fostering grassroots institutions, based on the experience of other programs. It is also accelerating decentralized development, as demonstrated by its recent decision to hand over elementary education to the *Panchayats*.

5. Value added of Bank support in this project:

There is growing recognition that the efficiency, effectiveness and sustainability of development programs significantly enhanced if they are implemented using decentralized and participatory approach. There is great need in India to promote such approaches. The Bank's added value stems from its wide related experience, particularly; (a) its international experience of decentralization, participation, demand-driven rural investment funds, and social funds; (b) the large India Portfolio, which offers experience of participatory approaches in other states, in a range of sectors including land and water development, water supply and sanitation, forestry, micro – credit, etc.; (c) the size of its lending, which is large enough to address relevant policy issues and investment needs in a comprehensive manner; and (d) its board experience with policy issues in all the key sectors. Furthermore, Bank support for DPIPs in three states simultaneously would greatly facilitate the sharing of information, and enhance the quality of each project and their total value to India's development.

E. Summary Project Analysis (Detailed assessments are in the project file, see Annex. 8)

1. Economic (see Annex. 4):

- Cost benefit NPV = US\$ million; ERR = 10% (see Annex 4)
- Cost effectiveness
- Other (specify)
-

The main benefits of the project would arise from human and social capital development and economic activities that would result in better living conditions and higher incomes. The impacts of project investments in social mobilization and group organization, capacity building, and knowledge and skill transfers are not readily quantifiable. However, these would be the pre – condition for investing in public infrastructure, services, and goods that would benefit about 3,50,000 poor families, enhancing their access to the means of production.

Investment in Group Development and Capacity Building: The formation of effective groups, and investing in individual and institutional capacities could bring about multiple benefits, including increased participation in economic activities, skill improvements for greater productivity, and improved

responsiveness and efficiency of public and private services (e.g., services provided by financial institutions).

Economic Viability of Sub – projects Supported by the Community Investment Funds. While some investments from the CIF would serve as ‘enabling’ investments to improve the knowledge or skills of the poor (e.g. demonstration of technologies, skill training, product exhibitions), most would generate measurable benefits. To ensure that sub – project activities undertaken are economically viable, proposals from the CIGs would be subject to a least return analysis (see Annex 4), which would ask how much the productivity of participants would need to be raised to make the investment worthwhile. Reference would be made to the total sub – project investment per individual or per CIG, and the net incremental economic return needed over a certain period of time to generate an Internal Rate of Return (IRR) above 12 percent. A relatively quick and reliable judgment could be expected on whether to go ahead. Since the scope of the CIFs is not restricted to economic activities, multiple criteria would be used to assess viability. The overall approach to Sub – Project appraisal is described in Annex 2, Attachment 5, and detailed guidelines are included in the Project Operational Manual.

Annex 4, Table 1 shows the analysis for a few typical sub– projects. More examples are given in the Guidelines for sub – project Appraisal in the Operational Manual. The example shown estimate the economic IRRs as ranging from 19 percent (cotton bed and cushion production) to 48 percent (training of para – veterinary workers). While these examples demonstrate the good potential of sub – project activities would be too speculative to derive an IRR for the project as a whole, a it is not possible to anticipate the composition of activities likely to be financed from the CIF. However, in global terms, assuming benefits to 3,50,000 families, the project cost (CIF, Capacity Building and Project Management components) would amount to approximately US\$188 per family. Assuming that benefits were to start 2 to 3 years after group formation, an average annual increase in the economic net productivity per family of about US\$25.3 per year (equivalent to less than Rs. 100 per month) would allow break – even with an IRR of 12 percent. It is expected that the project would yield higher benefits in most cases.

Rationale for Public Investment: Overall, the project is expected to improve the efficiency and effectiveness of public services for the poor in the selected districts, and to reduce poverty. It would give high priority to capacity building, including social mobilization and empowerment, enabling the rural poor to influence public services beyond the project as well. Typical investments from the CIF would enhance capital and productive resource and remove specific disadvantages faced by the poor (e.g. lack of information/transparency to overcome market imperfections).

2. Financial (see Annex. 5):

NPV = US\$ million; FRR = 0% (see Annex 4)

Fiscal Impact:

The total cost of DPIIP would be US\$ 124.8 million over a five – year period, of which US\$ 100.5 million (80.5 percent) would be financed by IDA, US\$17.7 million (14.2 percent) would be funded by the state government, and US \$ 6.8 million (5.3 percent) would be raised through beneficiaries contributions sub – projects. Projected DPIIP expenditures would amount to about 1.7 percent of GOR’s current annual expenditures on Social and Economic Services on average would remain constant as a share of Gross State Domestic Product (GSDP) over 5the next five years, which would allow some increase every year as GSDP grows, thereby creating space for DPIIP expenditures.

In the long term, DPIIP is expected to improve the efficiency of the state’s spending on poverty alleviation. Efficiency gains are expected through the careful targeting planned in this project, direct transfers of funds, and reduction of overheads. Furthermore, success in implementing a demand – driven approach could have spill – over effects to programs in other sectors. In the medium to long term this improved efficiency will allow the fiscal to be created to expand DPIIP-type operations to other districts.

Counterpart Funding: The state government would contribute about 15 percent of total project costs as counterpart funds. This claim on its budget is considered manageable and would not cause under burden. During the five year project period, the counterpart funding would range from about US\$1.0 million to 6.0 million Rs. 45 to 317 crores) per annum. Consequently, the requirement for counterpart funds for the project in the peak year would be only 0.4 percent of the revenue expenditure under the Social and Economic Services heads.

Beneficiary Contributions: About 5.3 percent of total project costs, equivalent to about 6.7 percent of the amount in the CIF, would be raised through community contributions, in cash, kind or labor. The value of the latter would be monetized in accordance with appropriate guidelines. The total beneficiaries' contribution amounts to US\$ 6.57 million (about Rs. 34 crores) over the life of the project. It is expected that at least 350,000 families would benefit from the project directly and additional families indirectly would also be potential contributors to sub – project costs. Each core family would thus contribute a maximum of Rs. 1,000 over the project period or about Rs. 200 per year on average. This can be compared with the expected minimum increase in beneficiary family income of about Rs. 1,200 per year.

Post – project Period. DPIP would require only minimal expenditures by government during the post – project period. The project is not expected to have significant recurrent cost implications beyond its life as most staff would be on contract. The incremental operation and maintenance costs of the small-scale infrastructure investments are expected to be met by beneficiary communities, which would be ensured by the sub – project appraisal process and agreements. Thus, there would not be a significant additional burden on public expenditures for O&M in the future.

3. Technical:

The project would finance a variety of interventions, ranging from land development to water resource management, horticulture and other agricultural activities, micro – enterprises development social services. The project would be flexible in terms of the activities financed, but strict in ensuring adherence to core principles such as: the demand – driven nature of investments; community management (both short and long term) of activities; targeting to the poorest; and financial efficiency and accountability. Activities would be carried out within the policy framework and general guidelines established for other Bank – assisted projects in a given sector (modified where experience suggests this is necessary or advisable). Sub – project appraisal would be informed by sectoral guidelines and would assess the appropriateness of methods and technologies being used and their cost – effectiveness. Sub – projects could draw on designs and standards already available in many sub – sectors, e.g., watershed development, rural infrastructure. These would continue to be developed for new interventions, or when the scope of interventions changes, and refined on the basis of implementation experience.

4. Institutional:

4.1 Executing Agencies:

The institutional arrangements for project implementation are described in detail in Section C4, above. The main executing agencies are the CIGs, VDAs *Gram Panchayats*, NGOs, District line departments, and private agencies willing able to work at the village level. The formation and development of local grassroots organizations (the CIGs and VDAs) is the crux of the project. In addition, the project design gives an important role to NGOs and local government bodies (*Panchayats*) in mobilizing, organizing and supporting poor communities to access resources. Both NGOs and government line departments have roles in providing technical support to the CIGs and private agencies would also be engaged for particular purposes (e.g. construction of small infrastructure, marketing etc.) in addition, support structures such as the District Project Coordination Committees and panels of experts set up at the district and state levels would work closely with the PMUs to broad base the project's ideas, approaches and implementation strategies.

Even through Rajasthan has a vibrant NGO sector and several examples of productive collaboration between NGOs and government, the availability and capacity of NGOs within the project districts is variable. As the project design envisages important roles for NGOs in mobilizing communities, forming and supporting CIGs, training and other activities, the DPMUs and SPMU would continuously identify NGOs and assess and build their capacities. NGOs would be selected on the basis of criteria outlined in Annex 2, Attachment 3.

4.2 Project Management:

Project Management is the responsibility of the State Project Management Unit (SPMU) and seven District Project Management Units (DPMUs) within the Government of Rajasthan's Rural Development Department. The SPMU would facilitate the development of project strategies, plans, procedures, and materials that can be commonly used across districts. It would also assist in the transfer of experience and learning and promote competition between districts for innovation, quality of implementation, and the effective utilization of funds. A focus on developing the DPMUs allows for the creation of strong linkages between institutions/programs at the local level, which would promote sustainability. The DPMUs would maintain the required operational autonomy and flexibility to respond to demand – driven proposals quickly. Accordingly, they would:

- Respond to the priority needs of poor communities;
- Ensure the participation of representatives of poor communities in the district project coordination committee;
- Adopt streamlined administrative procedures for day – to – day management;
- Develop effective convergence between development programs managed by *Panchayati Raj*. Institutions (PRIs), line departments and other local institutions;
- Adopt a simple funds flow arrangement to allow direct transfers of funds to the community groups implementing sub – projects (see Annex 2 Figure2).

4.3 Procurement issues:

The bulk of project funds would be in the CIF component to finance small sub - -projects requiring the procurement of works, goods and services costing less than US\$30,000 equivalent. These sub – projects would be implemented by communities or through direct contracting or by NGOs.

Since most procurement activities would be managed by the DPMUs, each unit would have a trained full – time staff to handle the procurement work. As the formation of CIGs and hiring of NGOs would occur continuously throughout the project, workshops and seminars on procurement would be organized at regular intervals to ensure good understanding of procurement procedures among district staff NGOs and beneficiary institutions. The State Project Management Unit would have a trained procurement officer conversant with the Bank's procurement procedures, especially those related to small community – based investments. He/she would also; (a) coordinate demands coming from the DPMUs; (b) oversee updating of the procurement section of the Operational Manual which would serve as a reference for procurement procedures applicable to different situations; and (c) standardize the technical details for community works which would be used as an aid to the preparation and review of sub – project proposals.

4.4 Financial Management issues:

Project Financial Management System (PFMS). Financial Management Arrangements for the project are detailed in Annex 6. An FMS Manual has been prepared and integrated computerized financial management system is being developed. Computers for the SPMU and DPMUs have been procured and installed. The next key tasks to be carried out would be: (a) installation of PFMS software expected to be completed by April 30, 2000; (b) full placement of FM staff at SPMU (a qualified Chartered Accountant as a Finance Manager, and a Financial Controller) and DPMUs (Accounts Officers expected to be

completed by May 31, 2000; (c) training of staff in implementation of the PFMS, expected to be completed by June 30, 2000. The PFMS is expected to be fully operational by July 1, 2000.

Flow of Funds: The Government of India would pass on funds to the Government of Rajasthan accordance with the prevailing system of fund transfers from the Center to the states as applied to Bank – assisted state – sector projects. The state government would release funds to an interest – bearing personal deposit (PD) account established for the project. The SPMU would transfer funds to the seven DPMUs through banking channels based on their fund requirement projections and work plans. These two mechanisms (the PD account and district bank accounts) would facilitate monitoring of the state government's provision of funds to the project, and project allocated funds for project use. It is expected that Rajasthan's fiscal reforms and the on – going dialogue between the Bank and GOI regarding fund flow arrangements would facilitate financing (including counterpart funding) of the project. The flow of fund flow from the DPMUs to beneficiary institutions would be based on the schedule in the sub – project agreement between them, which would be structured to ensure that adequate funds are available in advance for all operations. The CIGs would be required to maintain simple books of accounts recording all transactions pertaining to the sub – project.

Disbursements: Disbursements from the IDA credit would initially be made according to the traditional method (reimbursement with full documentation and against statements of expenditures) and would be converted to disbursement based on Project Management Reports (PMR) after the successful implementation of the computerized PFMS. The target date for this conversion is July 01, 2001.

Retroactive financing: Retroactive financing up to an amount of US\$ 0.7 million equivalent would cover eligible expenditures for activities after July 01, 1999, based on a Statement of Expenditure. Retroactive financing would support consultancies which have been contracted by the SPMU to advance the Environmental Assessment, Sub – Project Appraisal and other work on the project, and some establishment and operating costs of the SPMU and DPMUs.

Audit: The financial statements of the project would be audited by the Comptroller and Auditor General of India (CAG) or his nominee. The Rural Development Department would prepare the financial statements and reconcile the accounts with the State Accountant General's figures within four months of the close of the Indian fiscal year. The audited annual project financial statements would be submitted to the Bank within six months of the close of the Indian fiscal year. This report would be monitored under the Audit Reports Compliances System (ARCS). An agreement would be reached between CAG, GOR and IDA on the formats of financial controls on a quarterly basis, for which a terms of reference would be agreed by GOR and IDA in consultation with DEA-GOI and the CAG by May 31, 2000.

5. Environmental Category: B

5.1 Summarize the steps undertaken for environmental assessment and EMP preparation (including consultation and disclosure) and the significant issues and their treatment emerging from this analysis.

An independent agency was engaged by GOR to develop an Environmental Assessment Report (EAR) on the basis of the project design, available information on the project districts and likely project investments. From an environmental perspective the project component that would be of concern is the CIF. Hence, an Environmental Management Framework (EMF) has been developed for the CIF.

The CIF would support both income – generating activities and infrastructure investments which, in most cases, would be small – scale and hence not expected to cause environmental impacts of any significance. All sub – project proposals would, however, be subject to environmental screening in order to: (a) prevent execution of sub – projects with potentially significant negative impacts; (b) decrease potential minor negative impacts through modifications in sub – project design, location or execution; (c) prevent or mitigate negative impacts resulting from cumulative small – scale investments; (d) enhance the positive impacts of sub projects and (e) prevent additional stress on environmentally sensitive areas.

5.2 What are the main features of the EMP and are they adequate?

To assist in meeting these objectives, the Environmental Assessment Report (EAR) sets out the following; (a) a methodology and administrative structure for environmental management; (b) an environmental capacity building and awareness raising program; and (c) an environmental supervision and monitoring plan. The EAR is part of the Project Operational Manual. To ensure the effective implementation of these measures, an Environmental Agency has been appointed by the SPMU. Further information on the EMF and the proposed management arrangements is given in Annex 2, Attachment 7.

5.3 **For Category A and B projects, timeline and status of EA;**

Date of receipt of final draft: February 29, 2000

The final draft of the EAR has been received.

5.4 How have stakeholders been consulted at the state of (a) environmental screening and (b) draft EA report on the environmental impacts and proposed environment management plan? Describe mechanism of consultation that were used and which groups were consulted?

As the specific project investments would be decided during implementation, environmental screening of sub – projects would take place as part of sub – project preparation and appraisal. Beneficiaries would be fully involved in sub – project preparation, and in the environmental reviews conducted by the community facilitators. Local NGOs and the DPMU would be involved in sub – project appraisal and in the Limited Environmental Assessment. Very few sub projects are likely to require an Environmental Impact Assessment, but it is expected that the consultants engaged to carry out EIA s would consult all stakeholders in the process.

5.5 What mechanisms have been established to monitor and evaluate the impact of the project on the environmental? Do the indicators reflect the objective and results of the EMP?

The terms of reference of the appointed Environmental Agency include continues monitoring of environmental issues and of awareness of project personnel. An independent agency would conduct an audit of the implementation of the EMF every two years.

6. **Social:**

6.1 Summarize key social issues relevant to the project objectives, and specify the project's social development outcomes.

The key issue in the project is its continuing need to ensure the participation of and attention to the needs of the socially disadvantaged among the economically poor.

Women: It is recognized that women are disproportionately represented among the poor, and that female – headed households are amongst the poorest. In addition, the gender division of labor and gender differentials in access to resources and services have important implication in the project. Information collected during the social assessments on the situation of women in the project districts and from consultation with a wide range of stakeholders, including organizations and individuals who have been involved in the state's Women's Development Program, women activists, researchers and others was use to formulate a detailed gender strategy for the project. The full strategy is part of the State's Project Implementation Plan and Operational manual. Annex 2 Attachment 9 summarizes its key features. The strategy aims to ensure gender equity in and through all project processes, including planning, staffing, community mobilization, capacity – building, sub – project appraisal and investments, and monitoring and learning. The project would ensure the participation of females as well as males and, where necessary an feasible, take special measures to overcome gender – related handicaps (e.g., formation of women's groups attention to their health, education or child – care needs). A gender advisory committee would

guide and oversee the project, and women's resource centers would be established at state and district levels.

Schedule Castes and Tribes, and Other Vulnerable Groups. The project would also focus on other socially vulnerable groups among the economically poor including the Schedule Tribes and Schedule Castes. The approach adopted by the project also allows interventions to be made for groups such as the disabled, destitute widows etc. While social disadvantage would be a criterion for the formation of certain groups and activities, it is expected that all groups formed would be assisted through economic interventions. Attention would be paid to ensuring that the natural resource base, on which the livelihood of many poor people (especially tribal groups) are founded is protected and developed rather than eroded. Indigenous forms of community action would be encouraged where these are useful to assist poverty reduction. As several project districts have significant tribal populations, a Tribal Development Plan has been formulated to address their needs. The full plan is contained in the Project Implementation Plan and attached to the Minutes of Negotiations. Annex 2 Attachment 9 summarizes its key features. The project aims to cover all tribal villages in the districts.

The Right to Information: The project is predicated on a participatory approach, for which information dissemination is critical. Beneficiaries would receive information to participate in the initial processes (e.g., group formation, preparation of proposals), and they would also be informed continuously about project – related services, opportunities etc. The involvement of *Panchayats* (at all levels) would be an important aspect of participation, and their roles in the provision of information, decision-making and management of the project would be built carefully. The project also includes a social audit mechanism – development audit, and the learning system would ensure that participants and village communities have access to information about project progress, achievements, expenditures, and effectiveness at all times.

Dealing with Community Divisiveness: The most difficult social issue which the project is likely to face is that of community divisiveness. It would be difficult to assist the poor unless the better – off are convinced of the common good, and agreeable to the proposed interventions. The project would attempt to ensure adequate support from groups who would not benefit directly (or who may even lose benefits by project interventions or their success) through public consultations and by establishing a close working relationship between the CIGs and *Gram Panchayats* who very often represent the interests of the better – off in a village.

Land Provision for the Construction of Rural Roads and Small Infrastructure. The CIF provides for communities to undertake improvement of inter – habitation roads and small civil works. In some cases, the work may require small amounts of land. This would most often be public land (government or *Panchayat* owner), but in some situations private land may be needed. It is common practice for such land to be given voluntarily, without compensation, because of the strong private and community interest in improving road linkages and infrastructure. It has been agreed that a Memorandum of Understanding (which has been attached to the Minutes of Negotiations and is included in the Project Operational Manual, along with the procedure to be followed) would be signed between the District Collector or his nominee, the Gram Panchayat and the land water (s). Construction would be started only communities are not disadvantaged by the land transfer/use, and the procedure would emphasize a transparent public consultation process. Close attention would be also be paid to this aspect in the independent monitoring, to ascertain that land contribution are made voluntarily.

6.2 Participatory Approach: How are key stakeholders participating in the project?

The primary beneficiaries of the project would be poor rural people, organized into Common Interest Groups. The project design calls for them to participate in the identification, planning, implementation, operation and maintenance of all activities at the local level. This would also involve the participation of other civil society institutions such as NGOs and *Panchayats*, whose roles are described in Section C4 and E4 above.

6.3 How does the project involve consultations or collaboration with NGOs or other civil society organizations?

Consultations were held during project preparation with a board cross –selection of poor communities, a number of NGOs and *Panchayats*. These would continue during the

project to further develop project modalities and procedures, as well as to expand an interest and supportive constituency for the project. NGOs also conducted the social assessments and the district capacity assessments, and participated in the preparation of project strategy and plans. As described in Section C4 NGOs would be key agencies in the implementation of the project.

6.4 What institutional arrangements have been provided to ensure the project achieves its social development outcomes?

See Section C4.

6.5 How will the project monitor performance in terms of social development outcomes?

See Section A2, key Performance Indicators.

7. Safeguard Policies.

7.1 Do any of the following safeguard policies apply to the project?

Policy	Applicability	
Environmental Assessment (OP 4.01, BP 4.01, GP 4.01)	Yes	No
Natural habitats (OP 4.04, BP 4.04, GP 4.04)	Yes	No
Forestry (OP 4.6, GP 4.36)	Yes	No
Pest Management (OP 4.09)	Yes	No
Cultural Property (OPN 11.03)	Yes	No
Indigenous Peoples (OD 4.20)	Yes	No
Involuntary Resettlement (OD 4.30)	Yes	No
Safety of Dams (OP 4.37, BP 4.37)	Yes	No
Projects in International Waters (OP 7.50, BP 7.50, GP 7.50)	Yes	No
Projects in Disputed Areas (OP 7.60, BP 7.60, GP 7.60)	Yes	No

7.2 Describe provisions made by the project to ensure compliance with applicable safeguard policies.

An Environmental Assessment Report has been prepared which would screen sub – project activities and subject them to appropriate levels of EA. A Tribal Development Plan has also been prepared. Both have been agreed between GOR and the Bank and are part of the Operational Manual.

F. Sustainability and Risks.

1. Sustainability:

There are three dimensions to sustainability in DPIP: that of sub – project investments; of DPIP structures; and of the project as a whole. The sustainability of sub – project investment is assured by the requirements that O & M arrangements be planned and agreed during sub – project preparation, and that contributions for O & M be collected during implementation. No other liabilities would be created by the project. Sustainability of the project approach would depend largely on the extent to which the capacities of the poor and PRIs are successfully built and strengthened, and changes in *modus operandi* are brought about in line departments. Not all DPIP structures (e.g., CIGs, VDAs, DPMUs) have to survive the project. The design provides for them to be institutionalized, or to disappear once the demand-driven and community – based services delivery approach demonstrated by DPIP has been absorbed by agencies such as PRIs and line departments. These institutions would then be expected to operate more efficiently and equitably. If the project is successful, it is expected it would be scaled up with resources available to the state government, possibly reallocated from other programmes.

2. Critical Risks (reflecting assumptions in the fourth column if Annex 1):

Risk	Risk Rating	Risk Minimization Measures.
From Outputs to Objective		
Caste and class tensions are not contained to enable the poor to benefit from project processes and resources.	S	The project would include consultations and collaboration with potential 'negative stakeholders' and resolve conflicts wherever possible
Technical support services are not available or not of sufficiently high quality to ensure lasting investments.	M	Capacity would be developed by the project over time to fill gaps and improve quality.
Adequate credit is not made available to the poor through financial institutions (FIs).	M	The project would strengthen the ability of groups that require credit to access FIs – the capacity building activities would enable them to become credit-worthy, and would also train bank staff to facilitate their dealings with the poor.
beneficiary contributions are inadequate to support O&M to sustain infrastructure investments	S	The project focuses on establishing sustainable ownership by ensuring choice, group management, and partially self-financed construction up front, and own-managed and self-financed O&M.
From Components to Outputs		

Adequate funds are not made available in time by the state finance department to the project, including counterpart funds.	M	The state government has shown its commitment to the project by setting aside funds in anticipation of DPIP for the past three financial years. The financial management system envisages a quarterly release of funds from GOR to SPMU on the basis of funds forecast requirements for the next two quarter.
Adequate institutional support does not exist or cannot be treated in time for skills training, marketing or other needs identified in community proposals.	M	The project will track needs over time and ensure the timely design of alternatives when required (e.g., engaging appropriate skills, institutions, from the other parts of the country).
Natural resources that are needed, such as land or water, impose serve constraints on the planning or implementation of sub – projects proposals	S	project design has flexibility to develop non-resource based activities, alternative employment .
negative reaction of non-poor groups ,or spokespersons for non-poor groups, (e.g., politicians, PRIs) to project investments being directed solely at the poor.	M	the project would share information and consult with these stakeholders during implementation; it would involve the PRIs and local NGOs in social intermediation. in whose benefits, while intended mainly for the poor, would extend to communities at

		large, e.g., rural roads, school, health clinics.
NGO- government interactions become problematic or unfruitful.	M	the project would develop networks of NGOs so that they can assist each other, engage in a meaningful dialogue with the government agencies involved, any conflicts that may arise.
possible reaction of mainstream government line departments against and involvement of NGOs, resulting in low collaboration with the project.	M	the project flexibility provides for alternative involvement of private service providers. however, the project would make every effort to involve line departments in positive ways . the district level committee has been designed with this in mind. the project would evolve ways to provide non-monetary incentives for department staff to collaborate well. the political visibility of the project would minimize this problem over time and good linkages would be developed between these and other local institutions.
Overall Risk Rating	S	

Risk Rating-H (High Risk), S (Substantial Risk),M (Modest Risk), N(Negligible or Low Risk)

3. Possible controversial aspects:

The main controversies that could arise in this project concern the relationships between the poor and non- poor, government and NGOs , and line departments and beneficiary institution and private agencies. these are discussed in the risks matrix above.

G. Main Credit Conditions

1. Effectiveness Condition

Standard Conditions Of Effectiveness

2. Other [classify according to convenient types used in the legal agreements.]

- Financial management : to establish an effective financial management system, Rajasthan shall:
 - (i) maintain for the duration of the project a computerized project financial management system in accordance with a project financial management manual agreed with IDA;
 - (ii) Employ and thereafter maintain,(a) a chartered accountant as a finance manager, and (b) accounting staff as envisaged in the financial management manual to ensure effective financial management for the duration of the project.
- Annual plans: Rajasthan shall, not later than December 1 of each year, starting in 2000, prepare annual action and procurement plans for the implementation of the project and taking into account the association's recommendations, finalize such plans, not later than February 28 of the following year.
-

Selection of Non – Governmental Organization

To ensure flexibility and responsiveness to the village poor, DPIP will involve NGOs as there is now wide acceptance that they are an effective mechanism for mobilization and organization to people at the grass – roots. Two main roles are envisaged for NGOs in the project: a Project Implementation role and Capacity Building and Support. A Project Implementation NGO will be based within the district and operate locally. These NGOs will have good understanding of the local culture and the socio – economic conditions of the people in the area. They will carry out the following tasks:

- Establish contact with the community through suitable village entry programmes;
- Build awareness about the project;
- Initiate processes of community mobilization;
- Form CIGs and nurture them;
- Build the capacities of CIGs;
- Generate options regarding sub – project activities and assist CIGs in identifying suitable activities and preparing proposals for them;
- Provide process related support;
- Access and provide technical support for sub project activities;
- Ensure that the process approach is not overtaken by the target approach;
- Form and nurture VDAs;
- Establish effective links between the CIGs/V'. As and the DPMU/SPMU;

These tasks would be carried out by Community acilitators contracted by the NGOs.

Capacity Building and Support NGOs would take on training and capacity building, or provide specialized support. They will have a high level of professional competence and personnel with a good field experience, with training capability and/or specialized technical knowledge and skills. Capacity Building and Support NGOs would normally be based in the district, but could also come from other areas. They would be expected to be closely involved primarily with Implementation NGOs, but also with CIGs and VDAs.

The NGO Selection Process.

A fully transparent process will be used to identify, access and select NGOs for the Project. The roles and responsibilities of both the DPMU (and in some cases the DPMU) and the NGO would be laid out clearly in a contractual agreement. The NGO identification, selection and contracting process will be, refined continuously through wide consultation at the state and districts levels. State and districts workshops will serve the purpose of introducing the project to potential NGO partners, reviewing selection criteria and processes, discussing key elements of the contract, support to be provided by the DPMU and other agencies, and so on. The workshops will help to identify NGOs who are willing and able to work with the project.

The selection process currently envisaged will follow a series of steps, and will adhere to the Bank's procurement guidelines.

- Step 1-** SPMU: Issue advertisement calling for expression of interest in which interested NGOs are requested to send information on their organization and experience.

- Step 2-** SPMU: Set up an NGO Selection Group including the State Project Director or District Project Manager of the concerned district, representative of the Lead Training agency, and two independent persons.
- Step 3-** NGO Selection Group: Develop parameters for screening (see below) and for detailed assessment (including staffing, other resources, financial capability, etc.)
- Step 4-** NGO Selection Group: Screen NGOs and visit suitable NGOs to meet with their team access the infrastructure and facilities, staff capacities, financial turnover and management and interest, based on the previously set parameters. In the event that no NGO is found suitable the selection group will proactively approach some NGOs and/or develop capacity building plans with 'almost suitable' NGOs.
- Step 5-** NGO Selection Group: Shortlist NGOs definitely capable of working with the Project invite these to become partners in the Project, requesting them to submit proposals.
- Step 6-** NGO: Submit technical and financial proposals and work plan to the Selection Group and present the proposal.
- Step 7-** NGO Selection Group: Evaluate proposals and recommend selection to the DPMU. Successful proposals go to Step8. In the event that the technical and financial proposals no upto standard, the group provides detailed feedback to the NGO to facilitate improvement of their proposals, or to rectify any other deficiency.
- Step 8-** DPMU and NGO: Negotiate successful Technical and Financial Proposal and sign.

Proposed Screening Criteria

NGOs will be shortlisted using, inter alia, the following criteria:

- Legal Status: evidence of legal registration;
- Constitution: constitutional provision to engage in social/economic activities;
- Track record: at least three years experience in group formation and group – related social/economic activities or the specific activities for which they will participate in the project; the NGO should of have been blacklisted at any time by CAPART, CSWB or the relevant government agency;
- Finance: accounts audited and certified by a chartered accountant for at least three year;
- Staff: staff capacity to carry out the proposed activities or demonstrated ability to procure capacity.

NGOs will be screened by the Selection Group on the basis of the above criteria prior to short – listing. Thereafter, the process listed above will be carried out.

Scoring System for Technical Proposals.

In order to ensure the selection of optionally qualified NGOs a scoring system will be de. The NGOs will be independently assessed by at least three team members, and their average score aced the basis for decision – making. NGOs not achieving at least 75 points out of 100 will be disqualified following parameters will be included and the points to be assigned are given. In addition:

- Suitability to providing direct services to communities (location, mobility, language skills (10 points);
- Geographical orientation and demonstrated loyalty to particular communities over a period time (10 points);
- Experience of grassroots work, specifically;

Previous experience of social mobilization/group formation in rural areas (15 points).
Previous support activities in social and economic development (15 points).
Other activities relate to rural development (5 points).

- Methods and Skills:
Experience of using participatory methods and tools (15 points).
Financial and record – keeping skills (10 points).
General management skills (10 points).
- Continuity of leadership (10 points).

In addition costs would be considered (20 point) in following the Bank's Quality and Cost Based Selection (QCBS) procedure.

Other Considerations.

NGOs selected to work in a district will be represented on the District Project Coordination Committee. The State Project Director will hold regular quarterly meetings with the NGOs working in the Project to resolve any difficulties they may be facing or conflicts that may have arisen.

Capacity Building

Definition, vision and expected outcomes.

Capacity – building (CB) is the process by which the abilities of target communities to plan and manage development programs, and influence the economic social and political environment in which they are implemented is increased; and those of the staff of governmental and NGOs to facilitate such efforts is improved. Also, the capacities of the PRIs to plan and manage development activities and facilitate the empowerment of the poor would be enhanced. The capacity – building procures would consist of training and networking initiatives, using participatory methodologies. Networking initiatives are non – module based learning efforts that respond to project needs as they arise. These would include, for example, an annual DPIP Conference bringing together all leading DPIP participants from the village to the state level, or village fairs to increase the buy – in to DPIP concepts, processes and plans of the private sector and others not directly involved in DPIP. Capacity – building under DPIP would develop the know – how and build linkages, through joint programs, study visits, material development etc., with institutions and facilitators in the state, the rest of India and abroad to carry the vision forward.

The following are the expected outcomes of capacity – building in DPIP:

- Empowerment of the target communities: i.e. their achievement of control over development processes;
- Improved quality of services: i.e. greater responsiveness, innovation, transparency, accountability, flexibility, and sustained participatory management and processes;
- Enhanced gender equity: i.e. greater involvement of women in development process, based on proper gender analysis, sensitization etc.
- Participant learning: through feedback and analysis, and an impact on attitudes and behaviours such as sharing trust, responsiveness and openness;
- Institutional change: internalizing the new perspectives, decentralization, learning partnerships, seeing government as 'facilitator, not a provider'.
- Capacity for participatory development: i.e. a cadre of facilitators sensitive to a more inclusive approach to development, and with commitment to promoting participatory mechanisms;
- Innovation: new ways of addressing poverty;
- Process documentation.

Guiding Principles

The capacity – building in DPIP would:

- Be motivational and learner – centric;
- Be customized for different stakeholders;
- Include continuous capacity needs assessments and adaptation of curricula and activities to these needs;
- Involve continuous learning support and extension, including counseling;
- Be on location, mainly at the point where participants have to apply their knowledge and skills;
- Be experiential – a minimum of theory and grounded in the experience of participants;
- Emphasize win – win outcomes ; and
- Create an environment that sustains the values, attitudes and operational charges being emphasized by DPIP.

Elements of Capacity – Building

Capacity – building aims to address the following aspects of the lives of target communities, staff, NGOs other implementing agency personnel and PRI representatives.

- Physical capacities;
- Relationships between co – workers, juniors and seniors, and most importantly, staff and target communities, stressing trust, respect, cooperation, and teamwork;
- Attitudes and behavior toward the poor;
- Awareness and knowledge of socially – sensitive approaches to development;
- Skills related to project implementation, including manual, technical financial and managerial skills;
- Opportunities for learning, including networking to share experiences and learn first – hand from peers.

Capacity Building Modules

The capacity – building modules would include a Basic /Foundation Module (for all participants) which provides: an understanding of the project, its vision and approach to poverty alleviation, and comparison with other approaches; physical capacity – building relationship development for identified activities. Follow up Modules would include refresher courses on identified issues, and advances courses in skill development and knowledge enhancement, applicable on the basis of the needs assessments. An indicative list of focus areas in the sectoral and follow – up module follows: Participatory Learning and Action; Listening and Sensitivity; Gender Analysis, Equity and Participation; Project Management; Financial Management; Sector – Related Capacity Building (e.g., raicro – enterprises management); Group Organization and development (for CFs and CIGs); Sub Project Preparation and Proposals; Environment Management, Monitoring and Evaluation. The details of these modules would emerge from the needs assessments and sub – projects.

Capacity Building Process

The capacity – building process consist broadly of the following steps. It would be responsive to project participants changing needs and requirements.

- List participant categories and indicative to pics/subject areas in which they require CB;
- Assess the number of participants in each category, and determine the best way to reach them, e.g., for large numbers, through the training of Facilitators or, if the numbers are small, direct CB modules delivered through a mobile CB team in each district;
- Prepare a database of CB resource persons including Master Facilitators;
- Conduct Capacity Needs Assessments for each participant category to assess existing levels of capacity and specific needs;
- Prepare modules;
- Organize participants and modules;
- Conduct modules.

The modules would be designed by individuals or institution with relevant experience. Basic work on module design would be undertaken at the state level and they would be field tested before being produced and put to use. The overall process would initially be the responsibility of the State Capacity Building Cell but is expected to be taken over repaid the district team, supported by consultants.

Methods

CB methods would:

- Be flexible and participatory – e.g., working groups rather than lectures, involving participants as resource persons, shifting venues;
- Bridge the traditional gap between project managers and grassroots clientele, e.g., involving articulate and experienced village dwellers and resource persons, such as articulate village women in gender sensitization of project managers and line department staff;
- Be adapted to illiterate and semi – literate people; visual material, role plays/simulation and experience – sharing and similar methods would be norm, written materials would be used mainly for managers and staff, and so the methods such as study visits and experience – sharing would be common to all.

Enhancing State Capacities for Capacity Building

In addition to building the capacities of people who would be involved in implementing DPIIP in the seven districts, the project would build capacity for participatory development in other organization in the state, which would then be utilized for the benefit of other development projects and beyond the project period.

At the state level DPIIP would build capacities in (a) the Indra Gandhi Panchayati Raj and Rural Development Institute (IGPR & RDI), the lead capacity building agency within which the State Capacity Building Cell (SCBC) would be established; and (b) Aravali, the Association for Rural Advancement through Voluntary Action and Local Involvement which would develop the CB strategy, plans and many modules for the project in partnership with IGPR & RDI. Aravali which has the potential to become a leading capacity – building agency in the state is currently in its infancy, and would be provided with suitable financial support to expand its current infrastructure and staff to carry out CB activities for the project.

At the district level, DPIIP would support the establishment of district capacity building centers (DCBCs) with suitable infrastructure and qualified staff. Each center would serve the CB needs of the district. The management of these centers would be either with the SCBC or with an NGO in the district chosen for the purpose, or a partnership between the two. For the duration of DPIIP, the centers would house the district capacity – building team that would coordinate and manage CB at the district level. Post DPIIP the services provided by these centers would be chargeable and thereby able to generate revenue.

PRI members are important stakeholders in the project to ensure the empowerment of target communities. Hence, they would also be part of the vision – building for DPIIP and undergo a short e.g., a resource center, where they would be able to get information they require. These Panchayat Resources Centers would be based at the block – level and managed by NGOs. They would be set up collaboratively by the district capacity – building team and the NGOs in the district. In the initial years the personnel managing these centers would play a proactive role and reach out to the PRIs. Importantly, these centers would serve the special needs of women PRI members whose capacity – building would be undertaken separately to help them better understand their roles and responsibilities and be effective.

Management of the Capacity Building Program

A Specially – organized DPIIP capacity – building cell will be established by Aravali within IGPR & RDI in Jaipur to manage the overall capacity – building effort. The IGPR & RDI is an autonomous organization set up by the GOR, with administrative links to the Rural Development Department. The 99 – 00 it also hosts the State Institute for Rural Development. The Minister for Rural Development and

Panchayati Raj is the Chairperson of the Institute and the Director is an Indian Administrative Service officer. The Institute has well – developed infrastructure, including a hostel.

The DPIP State Capacity – Building Cell would be headed by a Capacity – building coordinator. The CB Coordinator would be a person from the non – governmental development sector, with suitable experience of managing organizations, capacity – building, and development programs. S/he would report to the DPIP State Project Director for all program activities and to the Director of the IGPR/RDI on establishment matters. The funding for the capacity – building activities would flow to the IGPR/RDI. The CB Coordinator would assume complete responsibility for the capacity – building program and also manage the funds for this purpose. The CB Cell would have a core staff to plan and manage the CB activities, and monitor the process and outcomes. The main job responsibilities of all key staff involved in capacity – building at the state and district levels are given in the State Project Implementation Plan and Project Operational Manual.

The SCBC would be responsible for undertaking the capacity need assessments, designing and developing the modules, field testing them, and building the capacity of staff in the district capacity – building teams. The SCBC would also be responsible for helping the district develop materials to be used in the modules and in the communication efforts. There would be some common materials that could be used for all districts, and others that would be more specific to the needs of a particular district. The SCBC would contract out the materials developments, and other tasks as needed.

The district capacity – building teams would be the principal coordinators and managers of all CB activities in the districts. The budget for capacity building would be provided against an annual CB plan through the DPMUs, including the salaries of the district CB staff and operational expenses. The District CB Coordinator would manage the funds for the unit in accordance with the yearly plan. The district SB teams would consist of individuals with participatory learning and action skills. Team members would be carefully selected from the open market. They would facilitate the capacity – building of Community Facilitators, technical staff, personnel selected by CIGs and VDAs to lead their groups and assist in the district level and another significant component of the SB strategy is continuing counseling and support to field personnel. The capacity – building of CFs would be structured intensive and continuous. The district team would be trained to provide constant counseling and support to the CFs. In turn, the CFs would build the capacities of the village – level institutions. Their performances would be constantly upgraded through continuous needs assessment and refresher modules. The capacity – building of the district teams themselves is an important aspect of the CB plan.

The district capacity – building teams, together with professional from NGOs or government would constitute the District Capacity – Building Support Units (DCBSU). There would be relevant experience or operated by the SCBC in the DPMU, if it is not possible to find a suitable NGO. The advantage of such an approach is that the selected NGOs would be able to bring their own varied experience in of the project, which could be useful for building greater learning in and among the districts. A spirit of competition between the SCBC – operated unit () and the NGO – operated units could be useful to bring out the best in each. These NGOs would be identified with care by a committee consisting of representatives of the SCBC, other NGO support organization, and a few experienced development consultants and the selection would be in accordance with the procedure laid down for NGO selection in general.

The DCBSU would report administratively to the DPMU, but have a functional relationship with the SCBC. The SCBC would guide the DCBSU, and provide it with the basic materials developed for the required CB activities. The DCBSU would use the modules that have been developed and field tested by the SCBC, modify them if required to suit local conditions, and implement them. The CB strategy visualizes the DCBSU as a dynamic, proactive expansion unit that would assist field staff in the district to undertake activities related to capacity building. The basic characteristic of the DCBSU would be ability to be responsive and flexible its ability to plan well, and ability to function as an extension agency. For capacity building to be effective, it would need good follow – up which requires the units to be self – contained and have a strong support – oriented culture.

Sub Project Eligibility Criteria

All Sub Project would have to meet basic eligibility criteria in order to receive finance from the project. The eligibility criteria include:

- The sub project benefits the poor;
- The sub project originates from the beneficiary community, which was provided a range of options from which to choose as well as sufficient information to make an informed choice; and the design of the sub project encourages community participation in all phases;
- The sub project is technically sound and technologically simple, and the community can operate and maintain it;
- The sub project is labor intensive and uses local labor, or otherwise generates a significant social impact;
- There is adequate evidence that the sub project would be effectively managed in implemented by the community making the request, with the community acting independently or contracting other agencies;
- The financial, technical and institutional arrangements for operation and maintenance of the sub project are in place, including assignment of responsibilities for maintenance of works, provision of maintenance – related training, and ensuring the necessary funding;
- The sub project is consistent with good practice sectoral policies and guidelines;
- The total sub project cost does not exceed us \$ 10,000;
- the beneficiaries will contribute 10 percent of total sub project costs in cash or kind;
- The sub project is additional to existing on planed public investments;
- The sub project meets the cost per unit and cost per beneficiary ceilings established by the project;
- The sub project does not duplicate or replace other sources of funds;
- The sub project is located on public or community land, or land belonging to local bodies, or, if the location proposed is private land, an appropriate written Memorandum of Understanding has been framed between the owner (s) of the land and the beneficiaries ensuring unlimited and unimpeded assess of beneficiaries to the land and assets created;
- The sub project does not have negative environmental effects or, if it does adequate mitigation measures exist.

Negative list – Part A, Activities not eligible for project financing.

- Cash grants or loans to individuals or groups;
- Facilities that do not directly improve the productivity of the poor (e.g. public administration buildings, political or trade union facilities, religious buildings);
- Sophisticated equipment that cannot be operate and maintained at the village level;
- Cost of running/operating constructed facilities;
- Relief activities and activities which directly support consumption.

Negative list – part B, Activities not eligible for IDA Credit financing.

- Rehabilitation or construction on private land improvement of private property unless contributing to and in agreement with groups or overall community;
- Purchase or leasing of land;
- Taxes and duties.

Sub Project Appraisal Process

Introduction

The project is expected to generate a large number of sub project which would be systematically appraised to ensure their worthiness and high benefits or rates of return. The process and criteria used for sub project appraisal, therefore, must be sound, and quick to ensure that the sub project is implemented at the cost estimated in the proposal.

Appraisal criteria and norms: Thumb rules.

The nature and objectives of DPIIP call for sub project appraisal to cover a number of areas. However, it is not easy to practice multi – dimensional appraisal of small projects, especially at the district level. Therefore, for each type of sub project, certain simple but critical, appraisal parameters reflecting key processes and results would be identified and their normative level determined on the basis of a sample of sub projects. The norms would be in the form of thumb rules which can be understood and applied by project staff with some orientation and training to facilitate quick appraisal of sub project proposals. The parameters identified would indicate activities/performances critical for the achievement of sub project goals, and would be appropriate to the size of sub projects. The following areas of appraisal would be included.

Institutional Appraisal: The age, experience, human resources capacities, managerial capabilities, cohesiveness, operational modalities, and financial (or thrift and credit) record of the CIG/VDA/GP would be assessed before assessing the sub project proposals per se. The complexity of the sub project is expected to match the technical and managerial capability of the group proposing it.

Social Appraised: The expected social impact of each proposal would be assessed. Parameters such as the percentage of beneficiaries expected to cross the poverty line, proportion of beneficiaries belonging to social groups such as SCs, STs, OBCs, women, widows, female headed – households, and physically handicapped persons, additional employment and income generated, and changes in the consumption patterns or quality of life of the beneficiaries would be relevant.

Participation Appraisal: Proposals is would have to show how participation has occurred in the identification and preparation of the sub project, and how it would occur in implementation and management, monitoring and evaluation, operation and maintenance. Participation appraisal would also assess the proposed arrangements for sharing ownership, and beneficiaries' commitment to the sub project as expressed through their contributions of cash, labor or materials.

Financial Appraisal: Financial viability would be assessed for each investment proposals related to economic activities and small – scale infrastructure. To simplify financial appraisal, benchmarks for investment costs per unit (e.g., costs per beneficiary households for roads, drinking water and sanitation etc., or costs per hectare for irrigation infrastructure, horticulture, etc.) would be developed and used. For micro – enterprises, a full cash flow analysis would be done.

Economic Feasibility: In addition financial viability, a separate economic analysis would be undertaken when major inputs and/or outputs with distorted financial prices are crucial in the sub project proposal. An example would be water pumping using subsidized electricity.

Technical Appraisal: Each sub project would be checked for compliance with engineering and technical standards prescribed for local conditions, and consistency with national standards and cost – effective construction/production methods.

Environmental Appraisal: An environmental checklist would be utilized for appraisal, including impacts on natural resources, human safety, health risks etc. as described in Annex 2, Attachment 7.

Sustainability and O&M Arrangements: The sustainability of a sub project would be assessed on the basis of proposed O & M arrangements (a detailed plan and firm commitments) and surety of the resources required for maintenance being generated by the beneficiary community. Activities such as micro – enterprises would need to ensure continued linkages to raw material supplies, markets, etc.

Input formats

To facilitate quick sub project appraisal, the agency making the proposal would furnish sub project details on a pre designed computer compatible format so that the critical parameters could be computed quickly and compared with their normative levels. To minimize human error in project selection, each critical parameter would be assigned a value consistent with the overall project goals. Any sub project with a normative minimum score would automatically pass the appraisal test under each category.

Database for appraisal

The DPMU would derive data on the costs and benefits, social, technical and sustainability dimensions of sub project from the proposals sent up by CIGs or other agencies. Over time, to facilitate quick appraisal of large number of sub projects, a comprehensive data bank on different types of sub project would be built in each district, using these data in addition to those generated by sample studies.

Operational guidelines

The operational guidelines for sub project appraisal would include: sub project formulation and format methodology and process of appraisal, sub project appraisal criteria covering institutional social participation financial economic technical environmental and sustainability appraisal and thumb rules case studies of sub project appraisal, and information on the database on sub projects. The guidelines would be update periodically.

**Sub Project Arrangement
Memorandum of Understanding**

Between

The First Party	The Second Party
..... CIG VillagePanchayat SamitiDistrict Represented by its President/Secretary	DPIP State Project Management Unit Represented by
Sri/Smt. S/o W/o D/o Sri Resident of	Sri/smt. (Designation) NGO/DPMU Panchayat Samiti District

Preamble

The two parties to this MOU being interested in the elimination of poverty through effective participatory methods.

The first party to this MOU being a Common Interest Group (CIG) of poor consisting of members, is interested in upgrading the quality of life of its members through social/economic development initiatives.

The second party, being an agency of the Government of Rajasthan interested in the elimination of poverty, is interested in contributing to the elimination of poverty of the first party.

This MOU is therefore, entered into between the representatives of the parties specified above.

Mission

To contribute to the upgrading of the economic and social well being of the members of the CIG, the first party to this MOU.

Objective

To implement the sub project in the habitation of..... in the revenue village of..... in the panchayat samiti of the details of which are as follows:

1. Name and type of the sub project
2. Location of the sub project.
3. If the sub project is benefiting a well defined number of persons of a reasonably small CIG:
 - Number of persons who will benefit (list of persons who will benefit from the sub project is enclosed as **Attachment – I** to the MOU)

4. If the sub project is envisioned to benefit a large number of persons in a group of villages:
- Number of villages which will be benefited
 - Number of families who will be benefited (list of habitations and the names of families who will be benefited from the sub-project is enclosed as attachment-1 (a) to the MoU)
- 5 Activities to be carried out
- i.
 - ii.
 - iii.
 - iv.
 - v.
- 6 Anticipated results of the project
- i.
 - ii.
 - iii.
 - iv.
 - v. ...
7. Costing

SI No,	Activity	Unit Description	No, of Units	Unit Cost	Total Cost
1					
2					
3					
4					
5					
6					
	TOTAL				

8 Work Completion Milestones

Milestone description	Agreed time to complete milestone (month/year)	Cost in Rupees: contributed by:
		Total Second Party : Total First Party
		Cash: Labor: Material:
1		
2		
3		
TOTAL		

9 Payment Terms

Installment number and amount*	Activity/ milestone to be completed before release of installment amount
1 st installment 10% of the estimated cost plus the cost of the first milestone	a) signing of this MOU, b) project Bank Account is opened by the First Party , c) Cash contribution of First Party for the first milestone is deposited into the Project Bank Account, e) the First party has demonstrated satisfactory financial management capability on its initial savings activities,

2 nd installment cost of the second milestone	a) Certification of completion of the first milestone, b) cash contribution of first party for the second milestone is deposited into the project Bank Account, c) First Party is up-to-date on submission of monthly financial reports,
3 rd installment Cost of third milestone mints the 110% of the estimated cost	a) Certification of the completion of the second milestone. b) cash contribution of First Party for the third milestone is deposited in the project Bank Account, c) First Party is up-to-date submission of monthly financial reports, * Amount refecrs to the portion of the total cost which the second party agrees to provide.

- Amount refers to the portion of the total cost, which the Second Party agrees to provide.

10. Obligations of the First Party: The First Party undertakes to

- i. Facilitate training of its activities/members, organized by the Second Party for effective management of the assets/services.
- ii. Complete the sub – project through a participatory process with due diligence and efficiency as per specification within the time agreed.
- iii. Follow satisfactory financial management arrangements as indicted in the Attachment – 2 to the MOU.
- iv. Ensure its contribution in Cash/kind for the work.
- v. Ensure that the goods and services to be financed under the Project are procured in accordance with the provisions of the Project Agreement signed between the International Development Association and the Government of Rajasthan, and such goods and services are used exclusively in the carrying out of the sub – project.
- vi. Monitor the work and report to the Second Part in the formats and according to the periodicity agreed.
- vii. Maintain the asset at its cost through voluntary contributions or cost recovery.
- viii. Properly insure the asset wherever this is product.
- ix. Ensure equitable use of the asset by all the prospective beneficiaries.
- x. Permit at all times, the second party or it's representatives to inspect the accounts, records and physical works under the Project and comply the recommendations/observations as a results of such inspection.

11. Obligations of the Second Party: The Second Party undertakes to

- i. Release the installments within a week of the receipt of documents for completion of the activity/milestone.
- ii. Organize required training programmes for the CIG members for the effective management of assets/services.
- iii. Secure coordination of other agencies involved for the sub – project.

Signature of the Representative of the First Party	Signature of the Representative of the Second Party
--	---

List of persons benefiting from the Project agreed upon in this MOU

Attachment – 1(a)

List of habitations and names of families:

Who will be benefited from the Project agreed upon in this MOU

Attachment – 2

Satisfactory financial management arrangements comprise the following:

- a) The First Party shall open a separate Project Bank Account for project funds. The First Party's cash contributions for project activities and the contributions received from the Second Party shall be deposited into the Project Bank Account. The Project Bank Account would be used for project – related receipts and payments only. Operation and Maintenance contributions, savings contributions and related payments shall not be made into and from this Project Bank Account. The Project Bank Account would be used for project – related receipts and payments only. Operation and Maintenance contributions, savings contribution and related payments shall not be made into and from this Project Bank Account
- b) The First Party shall have a trained accounts bookkeeper (who is trained during social mobilization).
- c) The First Party shall maintain the following accounts registers/records as per the formats provided by the Second Party: (i) Simple Cash/Bank book providing details of amounts received and details of payments along with classification on major heads; (ii) Register of contributions received from members in cash, labor and materials and (iii) Register of materials purchased using project funds and materials utilized.
- d) The First Party shall maintain vouchers/bills/supporting documents for the various receipts and payments (systematically numbered), and copies of the Bank Account Statement (pass book).
- e) The First Party shall prepare a simple report each month as per format provided by the Second Party. This summary would indicate (i) Amount received from First Party and Second Party contributions. amount spent on the various items, and balance in the Bank account or cash; (ii) the details of the work being carried out activity to be completed, cost, the work already completed and the work to be done in the next month); and (iii) Amounts of the First Party's contribution in labor and materials (the formats of the accounts registers/records would facilitate easy preparation of this report).
- f) The First Party shall regularly present this report to its members and the Gram Sabha. The First Party shall also display this report in the notice board of the Gram Sabha or village hall, etc. In addition, the books/registers, vouchers and bank statements shall be brought to the meetings of the First Party and Gram Sabha and be open for scrutiny by members.
- g) The First Party shall provide a copy of the report to Second Party each month (within 7 days of the end of the month).
- h) The First Party shall provide the account registers/records, supporting documents, and all other information and cooperation to him Project Auditor appointed by the Second Party.
- i) The First Party shall maintain similar accounts for its Operation & Maintenance Bank Account; and present a summary account statement for this account to this account to its members and to the Gram Sabha

providing standard guidance for mitigation of potential minor environmental impacts. The completed checklist would be submitted with the sub – project proposal to the District Project Management Unit for review prior to sub – project approval.

In the case of the sub – projects requiring an I.E.A., the DPMU would be responsible for ensuring that it is conducted according to a generic TORs by a local consultant approved by the E.A.

Sub – projects requiring an EIA would be forwarded for review to the SPMUs Project Appraisal Officer, who would request an estimate of the E.A. cost from the E.A. Based on a comparison of this cost with the expected economic benefits of the sub – project, the Project Appraisal Officer would decide whether the EIA would be undertaken, or whether the sub – project would be denied DPIP funding.

Environmental Capacity – Building and Awareness raising.

One of the principal tasks of the EA appointed by the SPMU would be to provide adequate training to allow the CFs, DPMU and SPMU staff, and approved local environmental consultants to fulfill their environmental responsibilities. To meet this goal, the EA would prepare four training courses as follows:

- Environmental Awareness – raising of DPIP Beneficiaries;
- Basic Environmental Screening and Mitigation for Community Facilitators;
- Environmental Screening and Mitigation for DPMU and SPMU Staff;
- Limited Environmental Assessment for Environmental Consultants.

These courses would be prepared and delivered in close consultation with the SPMU Training Officer and the State Capacity – building Cell.

Environmental Supervision, Monitoring and auditing:

(a) Environmental Supervision. Supervision of EMF implementation would be conducted at two levels. At the district level, as part of their overall supervisory responsibilities, the DPMU staff would be required to verify that CFs are correctly using the environmental screening and mitigation checklists and guidelines, and that the environmental mitigation measures included in the approved sub – project proposal are implemented. The DPMUs would verify these matters for the same sample of sub – projects as they use for other supervisory requirements and the results would be included in their overall supervision reports provided to the SPMU. These supervision reports would be submitted to the EA for review of EMF implementation.

At the state level, the EA would conduct six – monthly supervision of EMF implementation selecting a representative sample of ER, LEA and EIA category sub – projects. The EA would verify whether the screening process was correctly applied, suitable mitigation measures specified, and the measures correctly implemented. The supervision report, to be submitted to the State Project Director, would include recommendation for improving either the EMF approach, or its implementation.

(b) Environmental Monitoring. It would be the representative of the EA to remain abreast of changing environmental conditions and emerging environmental concerns in DPIP areas. This would not be achieved provided by governmental and civil society sources. On the basis of this information, the EA would recommend revisions to the EMF, and highlight local concerns to the DPMUs. Details of changing conditions, emerging concerns, recommended revisions, and local issues would be included in the six – monthly supervision reports provided to the State Project Director.

(c) Environmental Auditing. To provide an independent assessment of the effectiveness of the design and implementation of the EMF, once every two years the State Project Director would contract environmental audit of DPIP, to be conducted by independent civil society organization. The principal

focus of the audit would be to assess the extent to which the EMF has led to the implementation of appropriate environmental mitigation measures in DPIIP sub projects, and has promoted the implementation of environmentally – beneficial sub – projects. A secondary goal of the audit would be to attempt an assessment of the extent to which the DPIIP may have led to improvement or deterioration in environmental quality.

Role of the Environmental Agency:

At the State level, the SPMU would appoint an EA to undertake a range of environmentally – related activities. The mission of the EA would be to:

- Prevent environmental degradation as a result of either: (a) the cumulative effect of many small DPIIP investments that individually have a negligible impact; or (b) of individually harmful sub – projects. This duty would be fulfilled without imposing an unnecessary administrative burden on the DPIIP;
- Promote the implementation of sub – projects that would be expected to lead to improvements in local environmental quality; and
- Build capacity for environmental management at the local, district and state levels.

In order to achieve this mission, the EA would undertake sub principal tasks;

- The design and provision of training in environmental management.
- Supervision of the implementation of the Environmental Management Framework of DPIIP.
- Monitoring of environmental conditions to ensure that the EMF remains responsive to environmental concerns.
- Estimation of the cost of undertaking specific sub – project EIAs requested by the SPMU.
- Specific sub – project EIAs which may be requested by the SPMU, but undertaken under separate contracts.
- The provision of ad hoc technical support on environmental issues, as requested by the SPMU or DPMUs.

Monitoring and Learning System

Objectives design, and expected results.

The project emphasized the need to build ownership of the monitoring and learning (M & L) system among potential users, and proposes to accomplish this by involving project managers, NGO implementers, and identified beneficiaries in the detailed design of the system to ensure that only relevant data are collected and that the data are analysed and used by them. System design therefore is simple, flexible and transparent, and would focus mainly on four result areas; (a) empowerment, mobilization and the capacities of the rural poor; (b) CIG's access to productive assets, infrastructure and services; (c) administrative and local governments capacities to meet the development needs of the poor; and (d) changes in vulnerability and poverty.

Description of the M&L system:

DPIP would not set targets for activities or for numbers of beneficiaries. Hence these would not be the basis for monitoring its progress. Instead, would focus on project outcomes and results as perceived by the target communities, including their perceptions of self – development. The M&L system would monitor the project's progress in items of:

- Inputs delivered timeliness effectiveness and efficiency;
- Delivery system responsiveness to beneficiary needs;
- Information used for project learning;
- Beneficiaries empowerment and capacity development.

Given the objectives and expected results of the project, a four – component M&L system is envisaged. These components are:

- Performance tracking;
- Process monitoring;
- Development audit;
- Impact evaluation.

Performance tracking would monitor progress in the requirement and training of staff, formation of groups, sub – projects initiated and completed, financial flows, and benefits accrued. This component would be linked to the information and technology of the financial management system required by the World Bank.

Process monitoring would focus on the critical aspects of project learning such as CIGs skills in group activities, decision – making, and important events in CIGs life. Examples of information generated at different levels are given in the next section.

Development audit would contribute to increasing transparency, accountability and efficiency of the project. It is a tool to access the effects of the project from the perspective of different stakeholders.

Impact evaluation would establish the net effects of the project on poverty reduction and the capacities of the poor. It would assess the changes in poverty levels, changes in capacities to utilize resources and exploit opportunities; and changes in poverty causing factors such as debt, ill–health and addictions. These results would be relevant for subsequent phases of DPIP, and for designing other similar projects.

M & L components and indicators:

Component 1: Performance Tracking.

Performance tracking would use mainly quantitative indicators to assess progress in the physical, financial, and capacity development aspects of the project. These indicators would include, for example, CFs and other project staff appointed and trained, number of CIGs formed, participation of the poor and vulnerable groups in the CIGs number of sub - projects approved and completed, utilization of funds, benefits accrued, etc. It would also track some of the quality aspects of the project such as delays in appraisal and approval of sub – projects; time and cost over – runs; CIGs becoming dysfunctional, and changes changes in perceptions of poverty and vulnerability in the project villages. Using these indicators project implementations would assess whether project inputs are being used efficiently, reaching the intended target groups, and helping the CIGs to develop their capacities.

Component 2: Process Monitoring

Process Monitoring would be undertaken to help those involved in the project to understand how inputs get converted into outputs, what issues are critical in that conversion process, and what action is necessary to increase effectiveness. This component would monitor issues such as project sensitivities to the need of the poor; intimidation or capturing of benefits by elite groups; internal and external functioning of CIGs and VDAs. Another purpose of process monitoring would be to identify good practices to emulate elsewhere in the project.

Process monitoring is especially important in DPIIP because the project does not have predetermined targets. It does however assume that certain procedures would take place, which would help to achieve project goals. The project's success hinges on how well these assumptions hold. Key process-related assumptions are:

- The target communities have information about and access to investment funds.
- CIGs would effectively and inclusively manage group dynamics and operations.
- PRIs and district administrations do not feel alienated by CIG initiatives.
- DPMUs would respond quickly and objectively to sub – project proposals.
- Service and other input providers would respond adequately to CIG needs.

If these assumptions did not hold, DPIIP would not achieve its intended outcomes. Performance tracking could highlight process issues but would not provide adequate explanations or identify mediating factors that affect performance. Such realities are best assessed through a combination of conventional and participatory techniques and learning strategies. Process monitoring would therefore consist of three approaches to data collection and use:

Group self – assessment in which CIGs and VDAs would use learning tools to assess their own organizational and capacity development. Each CIG or VDA would periodically undertake a self – assessment of the goals it set for itself and measure progress using indicators it selects. Self – assessments would track levels of satisfaction/dissatisfaction of the groups, CIGs' capacities to manage local activities, to solve problems, to mobilize resources and take responsibility. In order for the group self – assessments to be useful and taken seriously by CIG members, the CIGs must be empowered to take decisions on the basis of their collective analysis. They may also need to be effectively linked to a higher – level decision – making body that would respond quickly and effectively when required.

Peer Reviews would be used for cross – group learning. These would involve experience sharing and learning from groups with similar interests, e.g., CIGs formed around the same activity, VDAs addressing similar issues, DPMUs managing particular project components. Peer reviews would focus on a limited number of activities or projects. Because the emphasis is on constructive lessons, topics would normally be those with which at least one group is having positive experiences. It is anticipated that the outcomes

of these reviews would feed back into the overall project monitoring data/information base in a small report form.

Focused – studies would be needed from time to time to understand certain process issues in a more rigorous and systematic way. Methodologies for these studies could range from rapid assessments to more conventional analytical approaches. Identification of the issues or the trigger for such studies would come from a variety of sources. Some would emerge from the tracking and monitoring components; others would emerge in response to changes in the projects macro – environment. Any group of stakeholders would be able to put forth requests for a focused – study to the concerned DPMU or the SPMU. It is anticipated that about 20 – 25 such studies would be carried out during the life of the project. Each report would be made publicly available, and an executive summary circulated and kept at all DPMUs and the SPMU.

Component 3: Development Audit.

In many respect development audit is very similar to process monitoring but it differs in three important ways. First, it can be undertaken by an independent agency, giving an opportunity to project implementers to stand back and review the project from different perspectives – those of non-beneficiaries, of opinion leaders, and other stakeholders. Sectional, it can take place less frequently than other process monitoring activities say, once in two year. Third, it would draw information from a wide range of stakeholders, including those not directly involved in the project. Development audit would be a powerful tool to demonstrate public value and accountability of the project. Experimentation in Rajasthan would accountability, and an experiment scheduled as a part of the Madhya Pradesh DPIIP.

Development audit is currently conceived as a series of steps that would culminate in scored assessment of project effectiveness in the broader social, economic and political context of DPIIP. Development audit activities would being in Rajasthan in second yea of the project. As present it is anticipated that development audit would assist those involved in the project to:

- Verify sub – project activities, their costs and timeless;
- Assess whether project benefits have reached poor and vulnerable groups;
- Assess whether CIGs and VDAs are empowering the poor and vulnerable;
- Analysis whether the selection of sub – projects, use of project resources, and decision – making in the project are transparent and inclusive;
- Assess whether different stakeholders have understood and accepted the project's objectives and strategy.

Component 4: Impact Evaluation

The central objective of the impact evaluation would be to establish the net contribution of the project to poverty reduction and capacity building among the poor. Measuring impact would involve comparing qualitative and quantitative outcome, "before and "after" the project, and between the "project" and "control" areas. Since these outcomes depend on a number of factors, many related but some unrelated to the project, an effective impact evaluation would try to estimate the net effect after controlling for the non – project factors to the extent possible. It is accepted that attribution of causality would be difficult. This would involve not only acknowledgement of possibility unacceptable assumptions, but also a rigorous methodology and level of analysis which is unlikely to be cost – effective for DPIIP. However, the simple quantitative and qualitative exercise using con parative analysis in project and control areas could provide extremely useful feedback on project impact.

The changes in poverty and poverty – causing factors would be assessed through indicators such as the increase of the target groups, in land yields, in access to water, health and education facilities, and in skills and organizing capacity. The project impact would also be measured in terms of increased and strengthened social capital of vulnerable groups in the project villages. The indicators of social capital

include strength of formal and informal village networks, capacity of members to form new groups, member's knowledge and participation in existing government programs, and the responsiveness of PRIs and government administration to the needs of the poor.

Recognizing that this project expects different outcomes at the village, household and sub – project levels, different sets of indicators have been proposed at each level. Baseline information on these outcomes would be collected mainly through household surveys, supplemented by other data sources such as census and village records, and using other data gathering techniques such as social mapping and participatory learning techniques. An external agency would be appointed to undertake the baseline survey in a sample of project and control villages before project start up; and the end line survey would similarly be contracted out to an independent agency.

M & L Responsibilities, Periodicity and Use of Information

Element of M&L	Mechanism/Deliverable	Periodicity	Responsibility	From/to	Use
Performance Tracking	(a) Performance Reporting from (b) Monthly Performance Reports (c) Progress Reports (d) Physical & Financial Reports	(a) Monthly (b) Monthly (c) Quarterly (d) Quarterly	(a) CIG/EF (b) DPMU (c) DPMU (d) SPMU	(a) CF/DPMU (b) DPMU / SPMU (c) DPMU / SPMU (d) SPMU / World Bank	(a) --(C) 1. tracking 2. issue identification 3. Accounting
Process Monitoring (i) Group self-Assessments	(a) Internal discussion (b) GSA Summaries	(a) six monthly (b) Six monthly	(a) CIG/CF CF/NGO/ DPMU (c) CF NGO DPMU	(a) n.a. n.a. n.a. (b) CF/DPMU NGO/DPMU DPMU/SPMU	(a) Group learning, NGO / Unit learning Project learning Project learning Project learning.
(ii) Peer Reviews	(a) Peer Review Summary Reports	(a) Six monthly	CIG/CF CF/NGO NGOs/proje ct partners DPMU	CIG/CIG CFs/CFs NGO/NGO DPMU/DPMU	1. Tracking 2. group/unit learning 3. project learning
(iii) Focused Studies	(a) Study Report (b) Executive Summary (c) Synopsis for news Bulletin	(a) As needed (b) and (c) based on (a)	(a) - (c) Consultant / commissioning group	(a) Consultant/ Commissioning group (b) DPMU / SPMU DPMUs /Training agencies (c) DPMU / SPMU	(a) - (c) 1. tracking 2. group / unit learning 3. project learning

Development Audit	DA Reports	Year 2 Year 4	SPMU/DA Consultant	DA Consultant /SPMU	1. tracking 2. group / unit learning 3. project learning
Impact Assessment	(a) Baseline Study (b) Impact Study	Project startup project end	(a) and (b) SPMU/ Organizatio n	(a) and (b) Independent Organizations / SPMU	(a) And (b) project learning.

Institutional Arrangements for M & L in the Project

Subject	Required Activity	Capacity Development Needed	Responsibility
Performance Tracking	(a) develop performance reporting form (b) develop computerized system to manage PRIFs (c) use of PRIFs	(a) none (b) none (c) Train CFs in use of CIFs	(a) SPMU, Independent Agency (b) SPMU Independent Agency Computer/MIS specialist
Process Monitoring (i) Group Self Assessment	(a) develop GSA principles/guidelines (b) use GSA (CIG, VDA, SPMU)	(a) develop project staff understanding of this activity (b) train groups in self analysis approach, techniques, outcomes	(a) Independent Agency, DPMUs, CFs/NGOs (b) Independent Agency, DPMUs, training terms, NGOs
(ii) Peer Review	(a) develop PR principles/guidelines (b) use PR	(a) develop project staff understanding of this activity (b) train groups, NGOs project, staff in peer review approach, techniques, outcomes.	(a) Independent Agency, DPMUs, CFs / NGOs (b) Independent Agency, DPMUs, training terms, NGOs
(iii) Focused studies	(a) develop guidelines for subject selection, minimum standards / content, consultant selection criteria (b) carry out studies and disseminate findings	(a) none (b) possibility-methodology or contents workshops,	(a) SPMU (b) Independent agencies, DPMUs, SPMU

Development Audit	(a) undertake DA (b) use DA	(a) build understanding of all project stakeholders (b) DPMU, CF, NGO	(a) Independent Agency (b) Independent agencies DPMU, SPMU
Impact Assessment	(a) Undertake Baseline & Impact (endline) surveys.	(a) none	(a) Independent Agency.

Gender Strategy

The Situation of Women in Rajasthan

Rajasthan is acknowledged as a state where women's status is particularly low. It has a feudal culture and patriarchy is institutionalized. Power and land ownership have remained largely vested in men, and patriarchy has also been enforced through institutions such as *Purdah* (seclusion of women), child marriages, female infanticide, and *sati*. (Widow Immolation). An alarming trend is the steep decline in the ratio of women to men in the state. In 1981, the sex ratio was 919 females to males, and in 1991 this figure was 913 females per 1000 males (compared with the all-India average of 932). The sex ratios in the DPIP districts have decreased, with Churu showing a large decline from 954 in 1981 to 937 in 1991, and Jhalawar reaching the lowest level of 918 in 1991 from 926 in 1981. Educational attainment among women in Rajasthan is extremely low – only 20.44 percent are literate, one of the lowest literacy rates in the country. The literacy levels for rural women in all the DPIP districts is low, ranging from 9.29 percent in Jhalawar to 14.19 percent in the best district. These data indicate extreme exploitation and subordination of women.

Since the 1970s the Government of Rajasthan has initiated a number of programs for women's development including programs for women's health, education employment. The Women's Development Program was the first program in the state to make a conscious effort to empower women through communication, information, education and awareness. Recognition of the need to increase the space for women in the public sphere also promoted legislation to give women 33 percent reservation in the *Panchayati Raj* institutions all over India, including Rajasthan.

The importance of women's participation in PRIs has to be understood in the context of their social subordination. While it is true that the traditional social and political structures continue to subordinate women even after they are elected, the opportunity to participate in public space is itself a great leap forward for women in Rajasthan. There are over 2000 women members of PRIs altogether in the seven DPIP districts. Women *Panchayat* members would remain limited in their capacity to make or enforce decisions until they become informed and aware, and can function confidently in a traditionally male domain.

DPIP's Approach to Gender Equity

In Rajasthan, it is vitally important for women to have greater control over decisions regarding expenditure, marriage and reproduction; opportunities to be effective in diverse roles, especially in PRIs; and recognition of their rights to dignity and security. In this context, the approach of DPIP to meet the economic needs of the poor within the strategic focus of capacity – building is appropriate and conducive to addressing the needs of women. Three elements are essential for successful gender intervention in DPIP:

- ***Environmental-building*** to prepare the ground for gender action at both village and district levels. Community Facilitators would involve existing women's groups to create awareness and information about DPIP to address the needs of women. The message of women's empowerment through poverty reduction and capacity building would be spread through village-level meetings, workshops, fairs, etc.
- ***Capacity-building***, consisting of gender sensitization of male and female staff; the use of knowledge and tools to promote women's development and empowerment; and the promotion of learning of self – development among women in the target communities.
- ***Women's Resource Centers*** to provide human and material support to women in the project areas, and over time in other parts of the state, to ensure gender equity. The

WRCs would support DPIP through training, research, and documentation and information dissemination, to strengthen the delivery mechanisms for women, and enable them to become active partners in the development process. A State Women's Resource Center (SWRC) would be responsible for promoting and incorporating a gender perspective into all DPIP activities. It would be an autonomous unit, with an overall Coordinator and three specialist coordinators for training, documentation and information dissemination, and research. Autonomy would ensure the focus, flexibility and sensitivity to women issues. The District Women's Resource Center (DWRC) would be created by the SWRC in all seven project districts to ensure attention to gender in the day-to-day implementation of the project.

Gender in Project Implementation:

Community Investment Funds

DPIPs design to support small, community-based initiatives is particularly appropriate to meet women's needs. CFs would be trained to work with women to articulate their needs and priorities, a number of which were identified during the social assessments, including drinking water, income-generation, health, literacy, day care, and micro-enterprises. The following issues would be part of the discussion in each CIG or VDA prior of the proposal of an activity as a sub – project.

- Are women's needs and potential being addressed through the proposed intervention?
- What benefits would flow to women from the intervention?
- What resources are being made available through the intervention? Would women have access to them, and be likely to manage and control them?
- Are there likely burdens on women? If so, are they being compensated adequately and/or mitigation measures worked out?

Gender Appraisal of Sub – Projects: These questions would underlie the criteria of gender appraisal that would be part of the social appraisal format for sub – projects, to ensure that gender is considered in determining the viability of a sub – project and that women are part of the process of determining trade-offs and the selection to mitigation measures. Close monitoring of activities would also be undertaken to identify requirements that were not apparent during sub – project appraisal.

Capacity – building:

The gender-related capacity-building strategy is detailed in the State Project Implementation Plan. Some elements of the plan would serve as budget heads for the separate allocations of project funds to women's development. At least 40 percent of the funds for capacity – building under DPIP would be allocated for women's development, and expenditures monitored separately.

Project Management

At least 30 percent of the members of the DPIP Governing Council would be women (government representatives and non-officials, counted separately). Women non-officials would represent genuinely progressive women's empowerment efforts in the state, with demonstrated capacity for women's advocacy. In addition, a Gender Advisory Committee would be set up at the state level to guide, monitor and evaluate the implementation of gender aspects in DPIP. Regular quarterly meetings of the members of the committee would be held to ensure support to project activities. The committee would give feedback to the SPMU and suggest actions on various issues emerging from the field. The decisions of the Advisory Committee would be taken cognizance of during implementation.

Linkages with Other Government Programs: Trained human resources exist in other state programs, such as WDP, *Lok Jumbish*, and *Shiksha Karmi*, that could be effectively used for environment-building

and capacity-building in DPIP. DPIP would also extend to these workers the networks that are created for women staff at the grassroots level.

Monitoring and Learning. The M&L system would monitor the progress and evaluate the impact of the project on women. The participatory nature of the M&L would ensure that appropriate indicators for impact, performance and process monitoring are developed in consultation with women in the target communities and staff, although some have already been identified. Among the broad areas to be tracked by performance monitoring are: the number of women's groups formed, the number of women in mixed CIGs, activities being selected and managed by women, and the benefits they are receiving. The process monitoring would, among other things, assess the following: development and consolidation of women CIGs; women's role in mixed CIGs; the effect of organizational development on their capacities to make decisions within groups as well as in the household and community. It would also assess the role of capacity – building, women's resource centers. Women in CIGs would be involved in assessing their empowerment through self-assessments. The process of recording, analysis and reporting are empowering mechanisms in themselves. The tools for group self-assessment that are part of the M&L are intended to help beneficiaries track their own progress. Women's culture, literacy levels, and other aspects would be taken into account in their design. For example, for illiterate woman the self-assessments tools would be largely visual. The impact assessment would monitor, inter alia, the impact of DPIP on women's incomes and livelihoods; linkages with markets; access to technology; skills; new designs for crafts; understanding of gender issues among staff; and gender sensitivity in line departments at various levels, and within NGOs.

Tribal Development Plan

A Tribal Development Plan as been prepared for the project and has been attached to the Minutes of Negotiations. A brief overview is provided here.

Background

Rajasthan has a tribal population of 5.47 million people, amounting to 12.44 percent of its total population. Tribal 1 provides information on the percentage of tribal people in the project districts and blocks, and the year-wise phasing of coverage of the blocks. Twenty – four of the 42 project would being implementation in the most difficult tribal blocks in each district, and cover additional blocks in subsequent years. All project blocks would be covered during the project period, and it is proposed that all tribal villages would participate in the project. In order to ensure that the impact of the project of tribal people is measurable, and to provide specific, reliable and up-to-date information on them, a Baseline Survey would be carried out in all project districts once the Project becomes effective. This would include the tribal blocks and an appropriate sample of tribal villages and people.

The principal tribal groups are the *Bhils, Sehariyas and Meenas*. Poor tribals are largely agriculture laborers and cultivators, and are involved in forest-related occupations. Only a very small proportion of them are engaged in other occupations of the district such as mining, quarrying, construction or services. They are generally found to be poorer then non – tribal groups. Their search for livelihoods has pushed them out of main villages to the edges of settlements. The inaccessibility of tribal hamlets denies them even the rudimentary infrastructure and services that exist in non – tribal areas. The Schedule Tribes have lower literacy levels than non – tribal people. According to the 1991 Census, the average literacy rate was 38.55 percent for the whole state, but it was only 19.44 for the STs. While the female literacy rate for the state was 20.44 percent, for ST females it was only 4.42 percent.

Project Approach

Because the needs of tribal people are manifold and the result of problems that have evolved over time, improvements in their condition would need integrated interventions and sustained efforts over a long period. The precise nature of interventions and the additional activities needed to rout specific or deeply – entrenched problems would be determined when their needs are articulated during the social mobilization phase of the DPIP project cycle, and expressed as demands through the sub – projects proposed by Common Interest Groups. In addition to meeting immediate needs, the entitlements of STs to common property lands and forest would be addressed together in DPIP, i.e. the overall implementation strategy would be to improve STs incomes in the short-them through economic solutions, such as inputs and training to increase productivity, or micro – enterprises development, and enhance their sustainable development by helping the tribal people address the underlying causes of their problems, to identify and take actions necessary to remedy their situations, ensuring their entitlements and that they gain control of their economic lives.

NGOs already working with tribal people would be involved in the project and assisted to enlarge their ambit, to undertake community organization work and or provide other project related services.

Where necessary, capacity would be built by the project to encourage and equip NGOs to work with tribal people. And they would be provided adequate resources for field operations in these, often difficult, areas. The project would ensure high levels of effort in preparing viable sub project proposals for the tribal groups and villages, and make investment funds readily available through the CIFs. the DPMUs

would be the main project agencies responsible for ensuring adequate attention to tribal areas. They would liaise with and mobilize, as required, other government agencies in the districts to provide support, including officers and line department staff working in/near the tribal areas. Where necessary, the capacities of these staff to work in tribal areas (physical capacity, sensitivity, motivation, and skills) would also be enhanced through the project. This would, in turn, strengthen existing programs. The state project management unit would be responsible for overall project planning and supervision, including ensuring that monitoring data are collected and utilized to keep project implementation on track to meet its development objectives in tribal areas.

Table 1: Coverage Of Tribal Populations In The Project Blocks

Project Year`	I	II	III	IV	V
District (Percent Tribal of Total Popu.)	Clusters/Blocks To Be Covered (Percent Tribal Of Total Population)				
Rajsamand (12.8)	First Cluster Of Kumbalagarh & Khamnor (20.0)	II and III Cluster of Yerar I Blocks	IV and V Cluster of Year I Block and Bhim (1.3)	Deogarh (4.9) Railmagra (8.4)	Rajsamand (14.4) Amet (8.7)
Baran (23.3)	First Cluster Of Shahbad (34.7) Kishanganj (34.2)	II and III Cluster of Yerar I Blocks	IV and V Cluster of Year I Block and chhabra(22.5)	Chhipabarod (17.9) Atru (18.5)	Baran (18.6) Anta(18.4)
Churu (0.5)	First Cluster Of Churu (1.1) Ratangarh (4.0)	II and III Cluster of Yerar I Blocks	IV and V Cluster of Year I Block and sujangarh(0.1)	Deogarh (0.02) Sardarshahr(0.3)	Ratanagar (0.5) Rajagarh (0.9)
Dausa (28.8)	First Cluster Of Dausa (30.9) And Lalsot (40.4)	II and III clusters of year I blocks	IV and V cluster of year I block	Mahua 925.8)	Sikari (24.6) Baswa (20.6)
Dholpur (5.5)	First Cluster Of Bari (9.9) And Baseri (14.7)	II and III cluster of year I block	IV and V cluster of year I block	Dholpur	Rajakhera (0.02)
Jhalawar (13.4)	First Cluster Of Manoharthana (28.0) And Dag (0.4)	II and III clusters of year I blocks	IV and V clusters of year I Blocks and pirava (6.7)	Bakani (13.9) Jhalarapatan (16.2)	Khanpur (16.0)
Tonk (14.5)	First Clusters Of Todaraisingh (8.1) And Uniara (28.2)	II and III clusters of year I blocks	IV and V clusters of year I Blocks and Deoli (22.1)	Niwai (17.9) Tonk (10.3)	Malpura (3.7)

NGOs already working with tribal people would be involved in the project and assisted to enlarge

Their ambit, to undertake community organization work and /or provide other project related services, where necessary, capacity would be built by the project to encourage and equip NGOs to work with tribal people, and they would be provided adequate resources for field operations in these, often difficult, areas. The project would ensure high levels of effort in preparing viable sub project proposals for the tribal groups and villages, and make investment funds readily available through the CIFs. The DPMUs would be the main project agencies responsible for ensuring adequate attention to tribal areas.

They would liaise with and mobilize, as required other government agencies in the districts to provide support, including officers and line department staff working in/ near the tribal areas. Where necessary, the capacities of these staff to work in tribal areas (physical capacity, sensitivity, motivation, skills) would also be enhanced through the project. this would, in turen, strengthen existing programs, the SPMU would be responsible for overall project planning and supervision, including ensuring that monitoring data are collected and utilized to keep project implementation on track to meet its development objectives in tribal areas.

Implementation Arrangements, Organization and Management

Agency	Mambers	Functions
STATE Level Empowered Committee	<ul style="list-style-type: none"> • Representative Of Tribal Welfare Department As Member 	<ul style="list-style-type: none"> • Providing Necessary Guidance And Support To The Project In The Tribal Areas
Sub committee on tribal area plan, SPMU	<ul style="list-style-type: none"> • To be chaired by special secretary (DPIP), and including representative of the tribal welfare department, and the project districts, NGOs, banks and key line departments active in tribal areas. 	<ul style="list-style-type: none"> • Approval of the tribal area plan for the year • Coordination with the line departments and banking institutions • Review and advise
SPD and DPMs and training and community development officers at state and district levels	<ul style="list-style-type: none"> • SPD and TCDO at state level • DPMs and TCDOs at district level 	<ul style="list-style-type: none"> • Day to day implementation (budgeting, releases, and implementation) • Monitoring & reporting to SPMU • Coordination with other tribal area activities and line departments • Training of personnel and tribal participants (institutions and individuals)
Lead NGOs	<ul style="list-style-type: none"> • NGOs who have been working among tribals for more than 5 year period • Other NGOs willing to work in tribal areas. 	<ul style="list-style-type: none"> • planning • implementation • training of tribals • technical/sectoral assistance • marketing • evaluation
NGOs tribal area Coordinator	<ul style="list-style-type: none"> • One per NGO • Post graduate in social anthropology or rural sociology • To be trained at an appropriate institution . 	<ul style="list-style-type: none"> • Assisting the CFs in motivation of tribals • Assisting the CFs in organizing CIGs and VDAs • Facilitating implementation of sub-project activities • Coordination with ongoing govt. activities to avoid overlap.

Impact Management

Problem	Mitigation Actions	Implementing Agency
Lack Of Knowledge Of Tribal Culture, Etc. Among Project Functionaries	<ul style="list-style-type: none"> • Motivation • Training • Exchange Visits/Tours • Orientation In Participatory Planning , Implementation And Monitoring 	<ul style="list-style-type: none"> • State Capacity Building Cell (SCBC) • District Capacity Building Support Unit (DCBSU) • NGOS
LAVK Of Income During Implementation Period	<ul style="list-style-type: none"> • Building Wage Component Within Work Being Executed By CIG/VDA/GP • Taking Up Other Economic Activities During Gestation Period 	<ul style="list-style-type: none"> • NGO With DPMU and other line Departments • Gram Panchayats
Lack Of Awareness Of Markets, Weights And Measures, Terminology, And Technical Activities.	<ul style="list-style-type: none"> • Orientation Training • Translation Into Local Language And Issue Of Information Pamphlets 	<ul style="list-style-type: none"> • DPMU and NGO With Assistance From SCBC/DCBSU And Technical Departments/Experts As Needed.
Lack Of Skills For Taking Up Off Farm Activities	<ul style="list-style-type: none"> • Market Information • Orientation About Avenues Of Self Employment • Training By Attachment With On Going Project And Institutions To Asquire Skills • Financial Support And Provision Of Tools. 	<ul style="list-style-type: none"> • DCBSU With Reputed Training Institutions • Leading Or Established Self Entrepreneurs
Lack Of Knowledge Of Legal Provisions	<ul style="list-style-type: none"> • Orientation Onlegal Matters Such As • Land Tenure/Tenancy • Money Lenders Regulation • Pricing Policy For NTFP And Agricultural Produce • Panchayat Raj act as extended TO Scheduled Areas • Constitutional Safe Guards And Rule Of Reservation • Forest Acts And JFM 	<ul style="list-style-type: none"> • DCBSU With Additional District Collector And Concerned Line Officers • NGO
Low Human Development Indices, E.G. Low Literacy, High IMR, High Incidence Of Diseases (Water Borne,	<ul style="list-style-type: none"> • Health, Immunization • Nutrition • Safe Drinking Water • Sanitation 	<ul style="list-style-type: none"> • NGO And Line Department • DCBSU

Malaria, T.B., Etc.), Alcoholism, Etc.	<ul style="list-style-type: none"> • Primary Education • Social And Legal Education 	
low productivity from land and forest, leading to problems of food security	<ul style="list-style-type: none"> • awareness creation through demonstrations high yielding crops and crops suitable to the area • soil conservation and land development • protection and re-generation of forests • Modern agriculture practices, suitable cropping patterns, etc. 	<ul style="list-style-type: none"> • Department of agriculture, soil conservation, horticulture, forests, etc.
lack of women's empowerment and low participation	<ul style="list-style-type: none"> • awareness generation • organization of CIGs • training • tours/ visits • productive interventions • market information • health, nutrition, and sanitation • education 	<ul style="list-style-type: none"> • NGOs • DCBSU and district women's resource centers • relevant line department
low returns to production (forest and agricultural)	<ul style="list-style-type: none"> • training in scientific tapping/ collection of NTFP • value addition • preservation techniques • market information (markets & prices) 	<ul style="list-style-type: none"> • specialized NGO • relevant line department
need for coordination between different project to avoid overlap and ensure integration	<ul style="list-style-type: none"> • planning review and co-ordination at DPMU and DPCC levels 	<ul style="list-style-type: none"> • DPM with district collector and concerned line departments
need for coordination in training	<ul style="list-style-type: none"> • coordinating all training programs in tribal areas • empowerment programs 	<ul style="list-style-type: none"> • SCBC with DCBSUs

Monitoring and Evaluation

Objective	Actions	Implementing agency
Monitoring and evaluation of all activities in tribal areas	<ul style="list-style-type: none"> • Quarterly progress reports • Six monthly and progress reports • Process monitoring activities • Development audits (year 2 and 4) • Impact evaluation 	<ul style="list-style-type: none"> • SPMU AND DPMU's • NGOs and CFs with beneficiaries and other stakeholders • Independent contracted agencies

Annex 3 : estimated project costs
INDIA: Rajasthan district poverty initiatives project

Project Cost by Component	Local US \$ million	Foreign US \$ million	Total US \$ million
capacity building	14.20	1.30	15.50
community investment funds	89.99	9.85	99.84
project management	5.64	0.50	6.14
total baseline cost	109.83	11.65	121.48
physical contingencies	0.13	0.07	0.20
price contingencies	2.16	0.85	3.11
Total Project Costs	112.22	12.57	124.79
Total Financing Required	112.22	12.57	124.79

Project Cost by Component	Local US \$ million	Foreign US \$ million	Total US \$ million
Good and equipment	1.95	0.82	2.77
Services	2.67	0.00	2.67
Training and consultantcs	11.41	0.85	12.26
Community investment funds	87.79	10.27	98.26
Unallocated	8.40	0.63	9.03
Total Project Costs	112.22	12.57	124.79
Total Financing Required	112.22	12.57	124.79

Annex 4
INDIA: RAJASTHAN DISTRICT POVERTY INITIATIVES PROJECT
Economic Assessment

Introduction

The project would invest in increasing the knowledge and organization of poor, and their access to public infrastructure, services and markets, covering at least 350,000 millions in seven of the poorest districts of Rajasthan, this investment would significantly increase their levels of economic activity, productivity and income, knowledge and organization of poor people, and their access to public infrastructure, services and markets, commonly called "intangible assets", are crucial to enhance of the economic productivity of individuals as well as enterprises. However, while their importance is well recognized, the quantification of these assets is often difficult, and it is even more difficult to give them an economic value. Given these problems, the following economic assessment does not compute an overall economic rate of return (IRR) for the project, but demonstrates. (a) the likelihood that the project would pass the overall benchmark of capital investment with an IRR of more than 12 percent, and (b) that individual activities likely to be taken up under the project would be economically viable.

Capacity Building and The Community Investment Funds:

Final benefit from the capacity building component of the project, in terms of improved incomes and living conditions of the poor, arise through several intermediate stages. Chart 1 provides an illustration of the economic input/output flows for selected project activities. The exact type and composition of output cannot be anticipated at this stage. Uncertainty about the outcome of the capacity building component enters into the CIF component since sub-projects proposed for financing under the CIFs are expected to arise as a result of capacity building in the form of CIG development and CIG supporting activities. Most of the CIF investments are expected to serve as 'enabling investments, which would improve the conditions of the poor and would stimulate in a second third stage the beneficiaries' own economic activities and productivity.

Despite these difficulties an investment decision would be supported by an economic analysis through:

A comparative analysis: under otherwise comparable conditions, the economic productivity of people organized into groups would be compared with those not organized. All intermediate input and output could be seen as a 'black box'. It would not be necessary to quantify them since the incremental benefit of the project would be measured by assessing the economic net value of production of groups, comparing them with the economic net value of production of a similar number of people not organized in groups: or

a least return analysis: this analysis would ask by how much the productivity of people would need to be raised to make the investment viable (break even point). Reference would be made to the total project investment individual or per CIG and the incremental economic net return, which would be necessary over a certain period of time to generate an IRR above 12 percent.

No comprehensive assessment of economic activities of CIGs has been undertaken in the project areas and therefore no data are available for a comparative analysis. Given the limitation of quantitative information the "least return analysis" was used as a rapid assessment method. This analysis is supported by cost-benefit analyses of a limited number of typical small sub-projects, which indicate the considerable scope of viable investment opportunities under the CIF (see table 1) further example analyses would be made available in the guidelines for sub-project appraisal prepared for the project.

Economic assessment results: it is estimated that about 350,000 families would directly benefit from membership in one or more CIGs supported by the project. Total project investment for CIGs is estimated at about US \$ 65.9 million or about US\$188 per family. Assuming that benefit would start 2 to 3 years after group formation, an average annual raise in the economic net productivity per family of US\$ 25.3 would break even with an IRR of 12 percent. an average raise in family productivity of about two dollars per month (equivalent to less than Rs. 100 per higher).

Samples of activities stipulated by the project show estimated economic IRRs from 14 percent (village access road construction) to 48 percent (training of para-veterinary workers, see table 1 B 1). These examples demonstrate a good potential for economically viable activities. Assessment of the economic benefits of individual investment proposals under the CIF would be an on going process as part of the sub-project appraisal mechanism. This would ensure that the overall project would be economically viable as well.

Annex 6: Procurement and Disbursement Arrangements
INDIA: RAJASTHAN DISTRICT POVERTY INITIATIVES PROJECT

Procurement

Procurement in the project would be carried out under the overall supervision and guidance of the State Project Management Unit (SPMU). Its Actual management will be at the district level. The project design is based on the concept of bottom-up planning, and most of the activities under the project would be decided by individual village communities.

Community Investment (US\$ 102.56 million): The project would finance small sub – projects proposed by Common Interest Groups, such as village approach or link roads, community halls, watershed development, strengthening of health care centers, improving animal health care and breed up gradation facilities, drains, minor irrigation works, wells, drinking water arrangements etc. The sub – projects would also include the hiring of services or training of community members, wherever these would be managed by the communities themselves. NGOs assistance would be taken for preparation of sub – projects. Procurement would follow National Competitive Bidding (NCB) on direct contracting, quotation or community participation procedures following Bank Procurement Guidelines (January 1995, Revised January and August 1996, September 1997 and January 1999) as follows:

NCB: While it is unlikely that individual contracts to be financed under the CIF would cost more than US\$ 30,000 equivalent, contracts for works under the CIF costing US\$ 30,000 or more per contract would be awarded on the basis of NCB procedures acceptable to IDA.

Direct Contracting/Shopping/Community Participation: Procurement of works under the CIF estimated to cost less than the equivalent of US\$30,000 per contract would be done through: (a) direct contracting with registered NGOs or local community organizations such as Common Interest Groups; (b) lump – sum fixed-price/unit rate contracts with qualified contractors awarded on the basis of quotations obtained from at least 3 qualified domestic contractors in response to a written invitation; or (c) community participation. These works would not be suitable for competitive bidding due to the small amounts entailed their scattered nature, and the remoteness of potential locations.

Goods, Equipment, Furniture and Supplies (US\$ 2.8 million): Goods would be procured following Bank, Procurement Guidelines (January 1995, Revised January and August 1996, September 1997 and January 1999) as follows:

NCB: Goods estimated to cost less than the equivalent of US\$ 20,000 per contract (e.g., furniture, computers and peripherals, office equipment, training equipment etc.) up to an aggregate value of US\$0.6 million would be procured following NCB procedures acceptable to IDA.

National Shopping: Goods (except vehicles) estimated to cost less than US\$ 30,000 per contract (e.g., small items of equipment, urgent requirements of computers, audio – visual equipment, furniture etc.) would be procured by the various implementing agencies in small lots using National Shopping procedures in accordance with paragraphs 3.5 and 3.6 of the Guidelines, up to an aggregate amount of US\$ 1.5 million. Rate contracts of the Directorate General of Supplies and Disposals (DGS&D) would be acceptable as substitute for National Shopping.

Direct contracting : goods estimated to cost less than US\$ 10,000 equivalent per contract Up to an aggregate of US \$0.7 million(e.g., books, periodicals, extension and publicity materials, software, proprietary equipment and spares, etc.) would be procured using direct contraction procedures in accordance with paragraph 3.7 of the guidelines. petty items costing US \$ 500 equivalent or less subject to an aggregate amount of US \$ 100,00 would be procured following paragraph 3.7 of guidelines.

Vehicles (US \$ 0.015 million): the requirement of vehicles (motorcycles) is small and thus would shopping procedure of DG & D rate contracts.

Training and Consultancies (US\$ 16.8 million): technical assistance and consultancy services, including the hiring of NGO services, community facilitators, quality supervisors for community works, consultancies and studies would be contracted on terms and conditions which are in accordance with IDA guidelines for the use of consultants (January 1997 and revised in September 1997 and January 1999). technical assistance and consultancy services would be procured using QCGS procedures, for contracts with consulting firms/institutions valued below US\$100,000 equivalent per contract, procurement would follow QCBS or other methods mentioned in the guideline, depending upon the appropriateness of the procedures relevant to the requirements, for proposals and conditions of contract would be used for all contracts.

Review by The Bank of Procurement Decisions : (Table B)

Procurement planning

Prior to the issuance of any invitations to pre-qualify for bidding or to bid for contracts, the proposed procurement plan for the project shall be furnished to the bank for its review and approval, in accordance with the provisions of paragraph 1 of appendix 1 to the guidelines. Procurement of all goods and work shall be undertaken in accordance with the procurement plan which shall have been approved by the bank and with the provisions of said paragraph 1. Annual procurement plans would be reviewed by IDA/bank.

Prior Review of Contracts

Civil works and goods contracts. All packages for civil works exceeding the equivalent of US\$200,000 and exceeding the equivalent of US\$100,000 and the first two contracts for goods and works above US\$30,000 would be fully documented and subject to prior review by the bank as per the procedures set forth in paragraphs 2 and 3 appendix 1 to the bank guidelines.

consultancy contracts, prior review procedures would be as follows :

- (a) with respect to each contract for employment of consulting firms/institutions estimated to cost the equivalent of US \$100,000 or more, the procedures set forth in paragraphs 1,2 (other than the third sub paragraph of paragraphs 2(a) and 5 of appendix 1 to the Consultant guidelines shall apply;
- (b) with respect to each contract for employment of consulting firms/ institutions estimated to cost less than the equivalent of US\$100,000, the procedures set forth in paragraphs 1,2 (other than the third sub paragraph of paragraph 2(a) and 5 of appendix 1 to the consultant guidelines shall apply; and
- (c) With respect to each contract for the employment of individual consultant to cost the equivalent of US\$50,000 or more, the qualifications, experience, terms of reference, and terms of employment of the consultant shall be furnished to the association for its prior review and approval.

Post Review

Work and goods: the contracts below the prior review threshold for works and goods shall be subject to post review as per the procedure set forth in paragraph 4 of appendix 1 of the bank guidelines; and

Technical assistance, studies and training: contracts for the employment of consulting firms estimated to cost less than US\$100,000 and contracts for the employment of individuals estimated to cost less than US\$50,000 shall be subject to post review provided that the generic TORs and shortlist for critical assignments have been cleared with the bank.

Procurement Information:

Procurement information would be collected and recorded as follows:

- (a) Prompt reporting of contract award information by SPMU;
- (b) Comprehensive semi annual reports by SPMU indicating :
 - (i) Revised cost estimates for individual contracts and the total cost;
 - (ii) Revised timings of procurement actions , including advertising, bidding, contract award ,and completion time for individual contracts ; and
 - (iii) Compliance with aggregate limits on the specified methods of procurement ; and
- (c) Completion report by the borrower within three months of the credit closing date.

Procurement Schedule and Proposed Procurement Arrangement:

The proposal packages and the procurement schedules for goods/equipment for capacity-building and project management have been provided by SPM. the project's capacity- building plan is presented as an summarized in table A. figures in parentheses are the respective amounts to be financed through the IDA credit.

Procurement Methods (Table A)

Table A: Project Costs by Procurement Arrangement (In US\$ Thousand)

Expenditure Category	Procurement Method				
	ICB	NCB	OTHER	NBF	TOTAL
A. Investment Costs					
Community Investment funds		10,250 (10,250)	92,310 (69,760)	22,550	102,560
Goods, Equipment and Vehicles		600 (600)	1,500 (1,000)	500	2,100
Training			13,550 (13,550)	0	13,550
Consultant Services And Studies			2,900 (2,900)	0	2,900
Sub Total Investment Costs					121,100
B. Incremental Operating costs					
Salaries and Allowances			2,050 (1,300)	750	2,050
Office Operating Costs			1,020 (790)	230	1,020
Office Rental Charges			100 (60)	40	100
Vehicle Hiring			520 (330)	190	520
Subtotal of Operating Costs			3,690 (2,480)	1,210	3,690
Total		10,800 (10,800)	113,500 (89,690)	24,310	124,790. (100,478)

Note : other methods include force account, national shopping, direct contracting, and community participation for CIF, goods, equipment and vehicles, and incremental operating costs; and QCBC for training and consultancies and studies.

NBF = Not bank-financed (includes both state government and beneficiary contributions) bank disbursements in parentheses.

Prior Review Thresholds (Table B)

Table B: thresholds for procurement methods and prior review

Expenditure Category	Contract Value Threshold (US\$ Thousands)	Procurement Method	Contracts Subject to Prior Review (US\$ millions)
1. Works	> 30	NBC	Prior award review : first 2 contracts and all above US \$200,000 post award review.
Goods & Equipment	>30 and <200 >10 and <30 <10	NBC National Shopping Direct Contracting	Prior award review: first 2 contracts post award review post award review
Services Consultants, NGOs, Training by firms Individual Consultants	>100 <100 >50 <50	QCBS CQ, Sole Source or any other Method as per guidelines QCBS CQ, sole source	Prior review post award review, except TOR of generic activities, and the shortlist for critical assignments prior award review : post award review
Community Investments	>30 <30	NCB Quotations/ Direct Contracting/ Community participation	Prior award review: first 2 contracts and all above US\$100,000 post award review
5. Vehicles	<100	National Shopping, DGS&D rate Contracts	post award review

Total Value of Contracts Subject to Prior Review:
Overall Procurement Risk Assessment

Average

Frequency of Procurement Supervision to Sions Proposed: one every 4 months (includes special procurement supervision for post- review /units)

Notes:

NCB: national competitive bidding

SW: small works under force account/ quotation

NSP: national shopping procedures requiring least three price quotations

QCBS: quality and cost based selection

CQ: consultant's qualifications

Thresholds Generally Differ by Country as Project, Consult OD 11-04"Review of Procurement Documentation" and Contact the Regional Document Adviser for Guidance.

Disbursement

Allocation of Credit Proceeds (Table C)

Table C: Allocation of Credit Proceeds

Expenditure Category	Amount in US\$ million	Financing Percentage
Community Investments	75.50	85% of Expenditure

Goods and Equipment	1.60	80% of Goods procured locally; 100% of ex-factory costs; 100% of foreign expenditure
Training and Consultancies	11.90	100% of Expenditure
Incremental Operating Cost	2.48	80% of Expenditure in year 1 & 2 ; 60% of expenditure in year 3& 4; 40% of expenditure there after.
Unallocated Funds	9.00	
Total	100.48	

Use of Statements of Expenditures (SOEs):

When the existing disbursement procedures are used, reimbursement of expenditures with full documentation; and (c) reimbursement of expenditures against statements of expenditure (SOEs). IDA would disburse against SOEs for the following expenditures: (a) community investment fund sub projects not exceeding US\$ 100,000 equivalent; (b) contracts for goods and Equipment not exceeding US\$ 100,000 equivalent ;(c) contracts for consultants services not exceeding US\$ 100,000 in the case of consulting firms, and not exceeding US \$ 50,000 in the case of individual consultants; (d) training expenditure; and (e) incremental operating costs.

Special Account:

A special account would be maintained in the reserve bank India; and would be operated by the department of economic affairs (DEA) of government of India (GOI). The special account would be operated in accordance with the bank's operational policies:

when existing disbursement procedures are used , the authorized allocation of the special account would be US\$7.0 million which represents about 4 months of estimated disbursements form the IDA credit. the authorized allocation would be US\$3.5 , million unit the aggregate disbursement form the IDA credit reach the equivalent of SDR 10.5 million. The special account would be replenished monthly or when 20 percent to the advance to the special account has been utilized whichever occurs first.

When disbursements are based on PMRs, the authorized allocation of the special account would be US\$ 15.0 million. This represents 6 months of peak expenditure. the special account would be replenished quarterly and be based on the next 6 months funds forecast .

the disbursement would initially be made according to the traditional method (reimbursement with full documentation and against statements of expenditure and would be converted to PMR based disbursement after the financial management system has been demonstrated to be operating satisfactorily. the target date for this conversions is July 1, 2001.

Financial Management

Current Financial Management System

The executing agency for the project is the department of rural development, government of Rajasthan. The department follows the government accounting system, the main focus of which is on book-keeping and transactional control over expenditures. There is no concept of financial management information being used for decision making, and hence there is very limited focus on meeting project management information needs. Project financial statements indicating sources and uses of funds (including information on project expenditures by components, types of expenditure, etc.) are not prepared for the projects executed by the department. There is no effective funds management in place in the absence of a regular system of forecasting of expenditure and monitoring. Audit of expenditure

statements carried out by the state accountant general (audit) focuses only on authentication of individual transactions, verification of compliance with government procedures, and certification of reimbursement claims made to the bank. the financial system is operated manually.

Specific Areas to be strengthened, the following aspects of the current financial management system would be addressed to ensure that a satisfactory financial management system, commensurate with the size and scope of the project, is established:

Satisfactory staffing and training, financial functions would be staffed by suitably qualified accounts professionals. the entire financial staff would be sensitized to the importance of financial management for effective project management. Since a significant part of the accounting under the project is to be done at the village level. it would be very important o impart accounting training to the village accountants.

Analysis of financial information and its use as a decision making tool. financial reports which provide timely, relevant and accurate information on the financial performance of the project would be prepared. the accounting system would ensure classification and compilation/ analysis of accounting data in a manner that provides useful and timely information for project mentoring and decision- making.

Transparency of project operations and establishment of clear financial policies and procedures. All stakeholders would be provided with clear, simple, user friendly, and consistent financial information about the project's performance financial status.

Satisfactory audit arrangement: Including timely submission of audit reports and certification of project financial statements adopting acceptable auditing standards would be ensured.

Linking of physical progress with financial progress would be done.

A simple and effective monitoring mechanism would be introduced to ensure effective monitoring of a large number of widely dispersed entities.

a smooth funds flow system would be adopted for the project to ensure smooth flows of funds to common interest groups (CIGs) at the operating level, as these groups may be highly vulnerable to periodic funds shortages. The system of funds flow management would also ensure that control over the money actually passes to the CIGs, but that the necessary controls are built in to check misappropriation. The SPMU is developing a comprehensive computerized financial management system which would address these issues.

Proposed Financial Management System

The proposed project financial management system has been documented in a 'Financial management manual'. This manual would be a part of the borrower's project implementation plan on financial management; the financial management manual would also serve as reference document for all project staff. The financial management would be periodically updated based on implementation experience. The significant changes in the manual would be made in consultation with the bank. The manual includes the following aspects of financial management:

Budgeting and flow of funds;

Accounting system (including chart of account, formats of books, accounting and financial procedures:

Financial reporting (including formats of reports, and linkages with chart of accounts): staffing and training aspects;

Auditing arrangements including terms of reference;

Procurement and contract administration monitoring system;

Financial and accounting policies; and

Service standards (benchmarks) for various accounting and financial activities.

Budgeting and Flow of Funds

The funds flow process is summarized below:

The government of India (GOI) would pass funds on to the government of Rajasthan (GOR) in accordance with the prevailing system of center to state fund transfers applied to bank transfers applied to bank assisted state sector projects.

the state government would pass on the funds to an interest bearing public (PD) account established for the project at the state level (SPMU), and from there the funds would be passed on to the project bank accounts in the districts, based on the cash flow forecasts of the districts. Transfers from the state government to the SPMU PD account, and from the SPMU PD account to the DPMU's bank accounts would be on a quarterly basis. The DPMUs would retain funds for their own expenditures, and advance funds for approved sub- projects to CIG's.

Few of Funds to CIGs: The process of funds flow to the CIGs would be as follows:

On receipt of a proposal for a sub-project from a CIG, the proposal would be technically and financially appraised.

the proposal would be processed within 15 days and if it is approved, a sub project agreement would be signed between the DPMU and the CIG for a 'fixed- price contract' for the sub-project, the agreement would inter alia specify:(a) the total cost of the work;(b) work completion milestones; (c) payment terms; (d) beneficiary contributions (in cash, labor and /or material);and (e) the scheduling of beneficiary contributions.

The release of installments would be worked out to ensure that the processing time taken at the DPMU does not adversely affect the execution of the sub-project by the CIG. the schedule of payment would be as follows:

On signing the agreement and fulfillment of initial (INCLUDING any beneficiary contributions to be collected): 10 percent plus the amount agreed for the first milestone;

On completion of the first milestone; amount due to reach the second milestone;

On completion of second milestone; amount due to reach the third milestone minus 10 percent.

Thus, a buffer of 10 percent of the total cost of the sub- project would be with CIG to tide-over any delays in processing at the DPMU.

The basis for the release of all subsequent installments would be completion certifications for the previous milestones. CIGs would provide completion certifications for each milestone (checked and certified by appropriate persons appointed by the DPMU for this purpose), along with a request for the next installment.

cash contributions from beneficiaries, if envisaged in the sub project agreement, would be deposited up front into the project bank account of the CIGs, and would be a per condition for release of the first installment. The beneficiary contributions would be accounted for as sources of funds for the respective sub-project.

Service standards (benchmarks) have been developed to specifically monitor the turn around time for funds transfer form DPMUs to CIG. Regular feedback would be obtained from CIGs on whether there are any difficulties in releases of funds.

Accounting and Internal Controls

The overall framework for the system is give below:

the financial management system would cover al project related transactions, i.e., all sources of funds (GOR, beneficiaries, and bank)would be accounted for and reflected in the project financial statements ; and, similarly, all project expenditures would be reflected in the project financial statement.

A chart of accounts has been developed. the chart of accounts enables expenditure data to be captured and classified by project components and expenditure categories. The chart of accounts also has linkages to: (a) government budget heads/ categories; and (b) disbursement categories. Similarly, and chart of accounts enables data on sources of funds to be captured.

The financial management system is being computerized. the computerized system would be seven DPMUs would be consolidated for project financial reports. Data transfer for the various consolidations would be done periodically through electronic mail or storage media (diskettes/compact disks). Books of accounts for the project would be maintained using double entry bookkeeping principles, standard books/records of accounts (cash and bank-books, journals, ledgers, trial balance.etc.)Would be maintained at the SPMUs and DPMUs using an integrated computerized accounting system. a register of fixed assets, indicating assets created through the project or acquired under the project, would also be maintained using the computerized system.

Accounting for Sub-Project Implemented by CIGs. the release of funds to CIGs for sub-project would be based on the terms agreed to in the agreement between the DPMU and the CIG. The disbursements would be based on these releases to CIGs. However, in the DPMU books of account advances to CIGs would be treated as advances, and expenditures would be booked against these advances only when physical milestones are reported to have been completed by the CIGs. The DPMUs would also maintain records of assets created.

Beneficiary contributions: Cash contributions from beneficiaries would be accounted on the basis of actual amounts deposited by beneficiaries into their 'project bank account' . beneficiary contributions of labor and materials would be accounted based on the terms of beneficiary contribution as defined in the agreement and as capture in the achievement of the physical benchmarks.

Accounting at CIGs: In accordance with the sub-project agreement, the communities would maintain (for their own purposes and to ensure transparency) accounts of amounts spent and contributions received formats of simple accounting records to be maintained by the communities are being developed, and village level bookkeepers would be engaged by the communities and trained in this system. Eligibility criteria for sub- project and advances to communities would include ensuring satisfactory arrangements for accounting. And submission of summary account statements.

Each CIG would maintain the following books (for which formats are being developed):

Simple cash/bank book providing details of amount received into the project bank account and details of payments;

Register of contributions received from members in cash, labor and materials:

Register of materials purchased using project funds, materials contributed and materials utilized.

Transaction Information flow. The SPMU and DPMUs would generate and maintain the transaction vouchers for the various receipts and expenditures made at SPMU and DPMU levels, respectively. The CIGs would also maintain vouchers/ bills/supporting documents for the various payments (systematically numbered) , and copies of the bank account statement(pass book).

The CIGs would prepare a simple report each month and submit it to DPM. This would indicate:

the cash amount received from state and beneficiary contribution , amounts spent on various items, and balance in the bank account or cash book (the format of the cash /bank book would facilitate easy preparation of this summary);

the details of the work being carried out (activity to be completed, cost), the work completed, and the work to be done in the next month;

the CIGs contribution in labor and materials.

The CIG would present this report to the members and to the gram sabha. This report would be displayed on the notice board of the gram sabha or village hall, etc. all the reports of the various CIGs operating in the village would be so displayed. in addition, in the books/ registers, vouchers and bank statements would be brought to the meetings of the CIGs and gram sabha, and be open for scrutiny by members.

Accounting at the DPM would not be based on this statement (except for beneficiary cash contributions). the DPMUs would monitor the regularity of submission of these reports. up-to-date submission of these monthly reports would be required before release of subsequent installments. this report would not be used at the district either for accounting or for determining the amount of money to be regular updating of accounts.

Consolidation of project accounts would be done first at the district level by consolidation of data of all the CIGs and the DPMU, and then at the SPMU by consolidation of accounts of the SPMU and all the DPMUs using the computerized system. data transfer would be handled through: (a) an integrated computer network, or (b) a periodic data transfer through electronic mail or floppy diskettes.

Internal Control, internal control mechanisms for the project would include the following:
establishment of appropriate budgeting systems, and regular monitoring of actual financial performance with budgets and targets, monitoring of physical and financial progress, monitoring of unit costs;
Development and adoption of simple, clear and transparent financial and accounting policies which would govern financial management of and accounting for the project;
Regular monitoring of advances given to CIGs, field offices and others, reconciliation and confirmation of bank balances;
at the transaction level, the establishment of procedures and systems for ensuring standard internal controls such as checking of expenditures, appropriate documentation levels of authorization , segregation of incompatible duties, periodic reconciliation, physical verification;
Establishment and operation of a comprehensive audit mechanism.

Financial Reporting

Project management reports would be generated from the computerized financial management system.

Quarterly financial management reports would include:

Comparison of budgeted and actual expenditures and analysis of major variances , including on aspects such as sources of funds (indicating funds from beneficiaries separately) and application of funds (classified by components, sub-components, summarized expenditure categories);
Comparison of budgeted and actual expenditures and analysis of major variances on key physical parameters and unit rates for selected key items;
Forecasts for the next two quarters;
Information on procurement management for major contracts.

Financial Reporting to Local Communities: To make the accounts of the projects implemented by CIGs transparent to all local stakeholders, a simple summary of the accounts of each such intervention (amounts received from the members and from the government, amount spent, and balance) would be publicly posted in a notice-board in the village.

Staffing and Training

The financial and accounting department of the SPMU would be headed by a financial controller, who would be an accounting a professional with about 10-15 years experience in a similar position. The financial controller would have the overall responsibility for all financial and accounting aspects of the project; the SPMU would also have a finance management who would be a qualified chartered

accountant with about 4-5 years of post qualification experience. The finance manager in the SPMU would be responsible for development, updating and operation of the financial management system of the project, financial planning and management of the project including financial forecasting.

The finance and accounting sections of the DPMUs would each be headed by an accounts officer who would be an accounting professional with about 4-5 years work experience. both the SPMU and DPMUs would have an appropriate number of accountants/account clerks to carry out the various routine maintain a lean organization, all routine activities relating to generation of books of accounts, compilation, preparation of financial reports, etc. would be handled through the computerized financial management system to the maximum extent possible.

An intensive training program is being chalked out to train the accounting personnel at the SPMU and DPMUs in the operation of the financial management system and the software. bookkeeping/financial management would be trained to maintain proper accounting records for their activities, including proper records of contributions received and operation of their project bank account.

Auditing Arrangements

The financial statements of project would be the accountant general (audit)of GOR. the audited annual project financial statements would be submitted to the bank within 6 months of the close of GOI's fiscal year . the department would Perrier the financial statements and reconcile the accounts with the state accountant general's figures within 4 months of the close of the GOI fiscal year. This report would be monitored under ARCS. an agreement will be reached between the GOR, state AG and IDA on the formats of financial statements and terms of reference for the audit.

The following audit reports will be maintained under ARCS:

Agency	Audit Report
GOR department of rural development	project/SOE
GOI department of economic affairs	special account

The audit would be carried out in accordance with the standards of auditing of the controller and auditor general of India. They would be comprehensive and cover all aspects of the project (i.e., all sources and utilization, of funds, and expenditures incurred by all implementing agencies). The terms of reference of the audit would include both audit of financial transactions, and an assessment of the operation of the financial management system, including review of internal control mechanisms. Special emphasis would be placed on the audit of the sub project being executed by CIGs. The books/record of the CIGs would audit; and about 10 percent of the remaining sub projects would be audited. Any issues arising in these audits including systemic issues would be promptly addressed. all implementing agencies would provide the auditor with access to project related documents and records, and information required by the auditor for the purposes of the audit. to ensure that sound internal control is maintained through out implementation, a CA firm will carry out an internal financial review on a quarterly basis. The TOR of the CA firm will be agreed between GOR and the Association in consultation with C&AG, DEA-GOI by May 31, 200

Time Table for Implementation of Project Financial Management System and Next Steps:

The computerized project financial management system (PFMS) is being developed for the project with the help of consultants specifically appointed for the purpose of designing, developing and instituting the FMS in the project. The FMS manual has been prepared. The computers for the SPMU and the DPMUs have been procured and installed. The successful implementation of PFMS in the project would entail the following key activities :(a) finalization of the financial management software for PFMS implementation; (b) staffing of key positions; and (c) training of staff in the PFMS operation. The PFMS is expected to be fully operational by project start-up.

Annex 6
Attachment 1

Procedures to be followed for NCB Contracts

with reference to the procedures for undertaking procurement on the basis of national competitive bidding (NCB) referred to in part C-I of section I, schedule 1, of the project agreement, all NCB contracts shall be awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the guidelines for procurement under IBRD loans and IDA credits published by the bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the guidelines). In this regard, all NCB contracts to be financed from the proceeds of the credit/ loan shall follow the following procedures:

Only the modal bidding documents for NCB agreed with the government of India task force (and as amended from time to time) shall be used for bidding;

Invitations to bid shall be advertised in at least one widely circulated national daily newspaper, at least 30 days prior to the deadline for the submission of bids;

No special preference would be accorded to any bidder when competing with foreign bidders, state-owned enterprises, small-scale enterprises or enterprises from any given state.

Except with the prior concurrence of the bank / association, there shall be no negotiation of price with the bidders, even with the lowest evaluated bidder;

Except in cases of force majeure and /or situations beyond control of the borrower, extension of bid validity shall not be allowed without the prior concurrence of the bank/association (a) for the first request for extension if it is longer than eight weeks; and (b) for all subsequent requests for extension irrespective of the period.

Re.- bidding shall not be carried out without the prior concurrence of the bank/association. The system of rejecting bids outside a pre-determined margin or " bracket" of prices shall not be used.

Rate contracts entered into by DGS&D would not be acceptable as a substitute for NCB procedures; such contracts would be acceptable for any procurement under national shopping procedures.

Annex 7: Project Processing Schedule
INDIA: RAJASTHAN DISTRICT POVERTY INITIATIVES PROJECT

Project Schedule	Planned`	Actual
Time taken to Prepares the Project (Months)	24	55
First Bank Mission (Identification)	05/27/95	05/27/95
Appraisal Mission Departure	11/09/99	11/09/99
Negotiations	02/14/2000	03/13/2000
Planned Date of Effectiveness	07/01/2005	

Prepared by:
Government of Rajasthan

Preparation Assistance:
India Country staff and Consultants

Bank Staff Who Worked on the Project Included:

S.No.	Name	Specialty
	Meera Chatterjee	Social Development
	Soniya Carvalho	Poverty Reduction
	Rajat Narula	Financial Management
	D.J.Baxi	Procurement
	T.K. Balakrishnan	Financial Analysis
	Mam Chand	Procurement
	Ashok K. Seth	Agriculture
	Ruth Alsop	Social Development
	C.S. Nawathe	Infrastructure
	Paal Martin	Environment
	Salman	Legal Counsel
	T.C.Jain	Rural Development
	Parameswaram Iyer	Public Administration
	Jeeva Perumalpillai- Essex	Economics
	Maria Clark	Social Development
	Daniel Gross	Social Development
	G.Srihari	Team Assistant

Annex 8: Documents in the Project File*

INDIA: RAJASTHAN DIST POVERTY INITIATIVES PROJECT Project Implementation Plan

District poverty initiatives project Rajasthan, project Implementation plan July 2005-june 2005 (revised February 2000)

Rajasthan district poverty Initiatives project: operational manual(February 2000)

Supporting Documents

Capacity Building Strategy (Arrival, Jaipur, November 1999)

Environmental Assessment Report (EAR) For Sub-Project Under Rajasthan State DPIP (Malaviya Regional Engineering College, Jaipur, January 2000)

Gender Strategy (K.Mathur, Institute Of Development Studies, Jaipur, 1999)

Tribal Strategy

Enterprise Development Strategies Draft Report (November 1999)

Rajasthan DPIP- First Year Procurement Plan (2000-2001)

Financial Management Manual For DPIP (B.L. Ajmea & Co. Jaipur,2000)

Decentralization And Devolution Of Powers To Panchayati Raj Institutions (Government Of Rajasthan, 1999)

A Note On Poverty Alleviation Programmes (Government Of Rajasthan, 1999)

The Rajasthan Panchayati Raj Act, 1994,And The Rajasthan Panchayati Raj Rules, 1996

Desk Reviews And Stakeholder Analyses

Baran District (Center For Community Economics And Development, Chaksu, 1997)

Churu District (Shri Gandihi Bal Niketan Society, Ratangarh, April 1997)

Dausa District (Kumatappa Institute Of Gram Swaraj, Jaipur, September 1996)

Dholpur District (Lupin Human Welfare & Research Foundation, Bharatpur, July 1996)

Rajsamand District (Sewa Mandir, Udaipur, May 1997)

Tonk District (Indian Institute of Rural Management, Jaipur)

Social Assessments

Report On Social Assessment for the District Poverty Initiatives Project In Baran District (Center For Community Economics And Development, Chaksu, April 1997)

Report On Social Assessment for the District Poverty Initiative Project In Churu District (Shri Gandhi Bal Niketan Society, Ratangarh, April 1997)

Social Assessment for District Poverty Initiative Project, District Dausa (Kumarappa Institute Of Bharatpur, April 1997)

Social Assessment Field Work Report (Lupin Human Welfare & Research Foundation, Bharatpur, April 1997)

Report On Social Assessment For The District Poverty Initiative Project In Jhalawar District (Indian Institute For Rual Development, Jaipur.)

A Social Assessment of the Rajsamand District of Rajasthan (Sewa Mandir, Udaipur, April 1997)

A Report on Findings Of Field Work (DPIP) In Todaraisingh And Uniara Blocks Of Tonk District (Indian Institute Of Rural Management, Jaipur)

District Capacity Assessments

District Capacity Assessment Report, Baran District (Sanket , Jaipur,Jaipur, 1997)

Summary Matrix of District Capacity, Baran District (Aravali, June 1997)

Report On the Capacity Assessment of Churu District and Matrix of Department Capacity (Aravali, June 1997)
Report On the Capacity Assessment Survey of Dpip of District Dausa (Society For Education, Research And Voluntary Efforts, Jaipur, June 1997)
Report On the Capacity Assessment Survey Of Dpip Of District Dholpur (Society For Education, Research And Voluntary Efforts, Jaipur, June 1997)
District Capacity Assessment Report, Jhalawar District (Sanket, Jaipur, 1997)
Report On The Capacity Assessment Survey Of Dpip Of District Tonk (Society For Education, Research And Voluntary Efforts, Jaipur, June 1997)
District Capacity Assessment Report, Rajsamand District (Sanket, Jaipur, 1997)

B. Bank Staff Assessment

Social Assessment Key Findings and Recommendations For Seven District Of Rajasthan (1998)
Non-Farm Micro- Enterprise Development for District Poverty Initiative Project (September 1998)
South Asia Region Workshop on the Design of Poverty Alleviation Projects (October 1998)
Lessons Learned From Other Decentralized Projects In India (December 1998)
India: Participatory Institution Building And Social Fund Projects: A Note On A Framework For Project Design (March 1999)
Economic Analysis and Issues (March 1999)
Quality Enhancement Review Of India District Poverty Initiatives Project: Andhra Pradesh And Rajasthan (Quality Assurance Group Panel, August 1999)
India: Rajasthan: Challenge Of Sustaining Development and Restoring Fiscal Balance (Draft, October 1999)
Village Level Group (Cig) Formation and Project Implementation (December 1999)
Institutional Review (Project Organization and Management, Project Processes, Collaboration With NGOs, And Village Level Processes) (December 1999)
Information and Communication (December 1999)
Monitoring and Learning System (December 1999)
Micro- Enterprise Development (December 1999)

C. Other

White Paper On The State Of Economic And Finances (1951-1998) (Government Of Rajasthan, 1999)
Report On Survey Of Infrastructure Needs And Demand- Driven Activities In The Poorest Cluster Of Manoharthana And Dag Blocks Of Jhalawar District (Indian Institute For Rural Development, Jaipur)

*including electronic files

Annex 9: Statement of Loans and Credits
INDIA: RAJASTHAN DISTRICT POVERTY INITIATIVES PROJECT

Project ID	FY Borrower	Purpose	Original Amount in US\$ Millions				Difference between expected and actual disbursements	
			IBRD	IDA	Cancel	Undisb.	Orig.	Frm Rev'd
P045051	1999 India	2ND NATL HIV/AIDS CO	0.00	191.00	0.00	184.47	3.93	0.00
P049301	1997 India	A. P. EMERG. CYCLONE	50.00	100.00	0.00	100.66	71.97	0.00
P010407	1993 India	ADP, RAJASTHAN	0.00	106.00	0.00	17.27	20.21	0.00
P010503	1995 India	AGRIC HUMAN RES DEVT	0.00	59.50	0.00	25.34	24.52	0.00
P010489	1995 India	AP 1ST REF. HEALTH'S	0.00	133.00	0.00	50.61	16.87	0.00
P049385	1998 India	AP ECON RESTRUCTURIN	301.30	241.00	0.00	415.33	36.01	0.00
P010449	1994 India	AP FORESTRY	0.00	77.40	0.00	12.57	11.32	0.00
P035158	1997 India	AP IRRIGATION III	175.00	150.00	0.00	244.19	61.08	0.00
P049537	1999 India	AP POWER APL I	210.00	0.00	0.00	171.95	32.29	0.00
P010522	1995 India	ASSAM RURAL INFRA	0.00	126.00	0.00	91.06	50.20	0.00
P010408	1993 India	BIHAR PLATEAU	0.00	117.00	0.00	33.54	40.22	0.00
P010455	1994 India	BLINDNESS CONTROL	0.00	117.80	0.00	79.55	50.99	0.00
P010480	1996 India	BOMBAY SEW DISPOSAL	167.00	25.00	0.00	109.38	100.33	0.00
P043310	1996 India	COCAL ENV & SOCIAL MITIGATION	0.00	63.00		44.91	28.31	0.00
P009979	1998 India	COAL SECTOR REHAB	530.00	2.00	15.00	327.86	86.51	86.51
P009870	1994 India	CONTAINER TRANSPORT	94.00	0.00	0.00	692.77	62.77	31.93
P010464	1995 India	DISTRICT PRIMARY ED	0.00	260.30	0.00	111.06	57.81	0.00
P035821	1996 India	DEEP II	0.00	425.20	0.00	246.48	11.11	0.00
P038021	1998 India	DEEP III (BIHAR)	0.00	152.00	0.00	131.77	46.46	0.00
P036062	1997 India	ECODEVELOPMENT	0.00	28.00	0.00	20.83	8.12	0.00
P043728	1997 India	ENV CAPACITY BLDG TA	0.00	50.00	0.00	41.64	19.49	0.00
P010563	1995 India	FINANCIAL SECTOR DEV PROJ. (FSDP)	700.00	0.00	301.30	147.03	0.00	0.00
P010448	1994 India	FORESTRY RESEARCH ED	0.00	47.00	0.00	17.18	35.65	10.64
P035160	1998 India	HARYANA POWER APL - I	60.00	0.00	0.00	28.06	14.73	0.00
P010485	1996 India	HYDROLOGY PROJECT	0.00	142.00	0.00	84.43	67.55	0.00
P009977	1993 India	ICDS II (BIHAR & MP)	0.00	194.00	0.00	111.38	113.08	108.09
P039935	1996 India	ILFS-INFRA FINANCE	200.00	5.00	0.00	178.87	142.44	0.00
P010463	1995 India	INDUS POLLUTION PREV	143.00	25.00	1.64	142.99	115.91	2.67
P010418	1993 India	KARNATAKA WS & ENV/S	0.00	92.00	0.00	14.30	14.91	0.00
P049477	1998 India	KERALA FORESTRY	0.00	39.00	0.00	32.54	1.18	0.00
P010461	1995 India	MADRAS WAT SUP II	275.80	0.00	189.30	46.11	205.96	9.68
P050651	1999 India	MAHARASH HELATH SYS	0.00	134.00	0.00	128.49	130.89	0.00
P010390	1992 India	MAHARASHTRA FORESTRY	0.00	124.00	16.77	26.09	41.97	25.29
P010511	1997 India	MALARIA CONTROL	0.00	164.00	0.00	148.83	57.56	0.00
P009946	1992 India	NAT HIGHWAYS II	153.00	153.00	0.00	109.94	87.12	23.21
P009869	1989 India	NATHPA JHAKRI HYDRO	485.00	0.00	0.00	88.59	88.59	-5.29
P010561	1998 India	NATL AGR TECHNOLOGY	96.80	100.00	0.00	188.69	43.03	0.00
P010424	1993 India	NATL LEPROSY ELIMINA	0.00	85.00	8.70	20.74	30.73	15.36
P009982	1990 India	NOR REG TRANSM	485.00	0.00	35.00	122.74	157.74	0.00
P010496	1998 India	ORISSA HEALTH SYS	0.00	76.40	0.00	72.28	10.83	0.00
P035170	1996 India	ORISSA POWER SECTOR	350.00	0.00	0.00	280.00	130.00	0.00
P010529	1996 India	ORISSA WRCP	0.00	290.90	0.00	134.44	20.85	0.00
P010416	1993 India	PGC POWER SYSTEM	350.00	0.00	75.00	37.46	110.60	0.00
P010457	1994 India	POPULATION IX	0.00	88.60	0.00	46.41	27.80	0.00

P009963	1992 India	POPULATION VIII	0.00	79.00	0.00	50.06	50.90	0.00
P045050	1999 India	RAJASTHAN DPEP	0.00	85.70	0.00	81.54	3.80	0.00
P010410	1993 India	RENEWABLE RESOURCES	75.00	115.00	0.00	66.01	95.48	0.00
P010531	1997 India	REPRODUCTIVE HEALTH	0.00	248.30	0.00	202.52	79.03	25.90
P009959	1993 India	RUBBER	0.00	92.00	36.61	16.40	53.37	-1.43
P044449	1997 India	RURAL WOMENS DEVELOPMENT	0.00	19.50	0.00	16.51	9.85	0.00
P009921	1992 India	SHRIMP & FISH CULTUR	0.00	85.00	50.02	15.78	63.65	15.04
P035825	1996 India	STATE HEALTH SYS II	0.00	350.00	0.00	220.36	136.71	0.00
P009995	1997 India	STATE HIGHWAYS I(AP)	350.00	0.00	0.00	299.64	62.98	0.00
P045600	1997 India	TA ST'S RD INFRA DEV	51.50	0.00	0.00	26.29	17.13	17.79
P010476	1995 India	TAMIL NADU WRCP	0.00	282.90	0.00	160.18	102.11	0.00
P050637	1999 India	TN URBAN DEV II	105.00	0.00	0.00	96.95	12.75	0.00
P010473	1997 India	TUBERCULOSIS CONTROL	0.00	142.40	0.00	127.49	72.85	0.00
P050638	1998 India	UP BASIC ED II	0.00	59.40	0.00	19.68	4.64	0.00
P009955	1993 India	UP BASIC EDUCATION	0.00	165.00	0.00	12.39	-1.47	0.00
P035824	1998 India	UP DIV AGRC SUPPORT	79.90	50.00	0.00	121.77	36.14	0.00
P050667	2000 India	UP DEEP III	0.00	182.40	0.00	178.31	0.00	0.00
P035169	1998 India	UP FORESTRY	0.00	52.94	0.00	42.86	10.35	0.00
P010484	1996 India	UP RURAL WATER	59.60	0.00	0.00	47.67	20.41	0.00
P050646	1999 India	UP SODIC LANDS II	0.00	194.10	0.00	185.52	19.66	0.00
P009961	1993 India	UP SODIC LANDS RECLA	0.00	54.70	0.00	10.56	9.03	0.00
P009964	1994 India	WATER RES CONSOLID H	0.00	258.00	0.00	118.28	82.91	0.00
P035827	1998 India	WOMEN & CHILD DEVLPM	0.00	300.00	0.00	289.47	0.35	0.00
P041264	1999 India	WTRSHD MGMT HILLS II	85.00	50.00	0.00	129.33	3.65	0.00
Total			5631.90					