

IFAD in India

A. IFAD's Operations and Current Strategy in India

1. Since 1979, IFAD has extended 15 loans to India totalling SDR 292 million (about USD 400 million), all on highly concessional terms. India ranks second among the recipients, regionally as well as globally. Eight of the 15 loans are closed and seven are under implementation. Five of the 15 projects have been undertaken in irrigation sector, five in tribal development, two in women's development, one in rural development, and two in rural credit. The last loan to India was approved in May 2000 for the National Microfinance Support Programme. As at October 2000, the total disbursement to the country was SDR 206 million (about USD 267 million).

2. IFAD's assistance since 1987 has been directed towards the needs of vulnerable groups – women, tribals and ethnic minorities. In line with this, the latest Country Strategy Paper (COSOP) for India was approved in early 1999. The COSOP emphasises that IFAD's strategic niche in India will be the search for solutions to constraints on the poor and the development of innovative approaches that, if proven successful, can serve as replicable models to be taken up on a larger scale by the Government or other donors. In so doing, the future strategy will build on and deepen the experience gained in past projects. Greater consideration, however, will also be given to some areas not dealt with adequately in the past, including assistance to the landless and scheduled castes, land reform and access to common property resources, wage employment and non-farm enterprise development.

3. Major strategic thrusts will be:

- (i) Increasing popular participation in implementing antipoverty initiatives
 - Strengthening grass-roots institutions
 - Increasing access of the poor to resources, including land and common property resources
 - Improving access of the poor to financial services
 - Generating sustainable incomes for the poor from non-farm enterprises
- (ii) Access to common property resources and natural resource management in rainfed tribal and non-tribal areas
 - Protection of tribal property rights
 - Watershed development to improve agricultural productivity
 - Promotion of alternative microfinance- and community-level- initiatives to improve health education and literacy
- (iii) Microfinance initiatives and women's empowerment
 - Giving focus and impetus to the much-needed expansion of microfinance initiatives to the poor – especially women
 - Provide larger power base to further women's social empowerment
- (iv) Non-farm enterprise development
 - Microenterprise development providing supplementary income to rural households
 - Promotion of small-scale enterprises capable of providing full-time employment opportunities.

4. IFAD's target groups in India primarily consist of the scheduled tribes, women and scheduled castes.

5. Cofinancing, as a way to augment resources and share experiences, will be treated as a strategic means in IFAD's operations in India. The strategy also lays stress on building effective partnerships between the NGOs and the government.

B. Closed Projects

6. Of the 15 projects financed by IFAD in India, 8 have been completed and the loans approved for them have thus been closed. Of these, 5 were for irrigation and command area development. These projects are: Bhima Command Area Development, Rajasthan Command Area Development and Settlement, Sunderban Development, Madhya Pradesh Medium Irrigation, and Uttar Pradesh Public Tubewells.

7. Since 1987 IFAD changed its strategy in India in view of the need to tackle the issue of food security at the household level. A series of projects targeting specific clientele groups were developed. The first in this line was the Orissa Tribal Development Project, which identified tribal population as the primary target group and adopted a broad-based interventions in natural resource management and rural infrastructure. This was followed by the Tamil Nadu Women's Development Project, which on exclusive basis targeted women and introduced micro-finance as principal instrument for empowering women.

8. A brief summary of the closed projects is presented in Appendix 1.

C. On-Going Projects

9. At the moment, 5 IFAD-assisted projects are on-going in India. These projects are the: (i) Maharashtra Rural Credit; (ii) Andhra Pradesh Participatory Tribal Development; (iii) Mewat Area Development; (iv) Rural Women's Development and Empowerment; and (v) North Eastern Region Community Resource Management. Of these, the Maharashtra and the Rural Women's Projects intend to increase the outreach of the microfinance services to the poor women and also support the process of their empowerment. The Rural Women's Project essentially upscales the Tamil Nadu Women's Development Project and is being cofinanced by the World Bank.

10. The tribal development projects target mainly the scheduled tribal areas with broad-based interventions involving community capacity building and natural resource management. The Mewat Area Development Project targets the Mewatis who are predominantly Muslim.

11. A brief summary of the projects that are on-going is presented in Appendix 2.

D. Projects in the Process of Becoming Effective

12. Of the two projects in this category, the Bihar-Madhya Pradesh Tribal Development utilises the amendment to the Constitution enabling the participation of the tribal population in their development through local self government structure and focuses on the household food security and improved livelihood opportunities. The project area is in the newly created and predominantly tribal states of Vananchal and Chattisgarh. The National Microfinance Support Project is the first IFAD-assisted project that passes IFAD's assistance directly to financial institutions under the guarantee of the Central Government. While their effectiveness of these projects have been delayed due to some legal issues, implementation has begun with the funding from the State Governments and the Small Industries Development Bank of India.

E. Projects in the Pipeline

13. IFAD now is developing the Second Orissa Tribal Development Programme which targets the Kalahandi region of Orissa, one of the most deprived regions in the world. Formulation is now complete and appraisal is scheduled for early next year.

Closed Projects

1. Bhima Command Area Development Project

Effectiveness to Completion:	14/12/1979 – 31/12/1985
CI:	World Bank: IDA
Beneficiaries:	148 680 (25 200 households)
Project area:	Solapur district, Maharashtra state

The objective of the project was to increase foodgrain production, generate employment, alleviate poverty, and assist in the social and economic development of a traditionally disadvantaged group – scheduled castes and tribal peoples.

- Irrigation works inc. completion of Ujjani dam, lining of canals, and completion of distribution network
- Road works to the tune of 301km of link roads
- Completion of earthworks and buildings, and procurement of equipment and vehicles

Performance: 50 000ha of land was brought under irrigation. Costs were underestimated at project design and downstream irrigation network could not be completed from the loan. However, Government maintained good progress on completing network. The irrigation component has facilitated the growth of jowar and wheat during the rabi wet season, and groundnut, sugarcane, and bajara in the kharif hot season. Yields of irrigated crops have increased from 0.5t/ha to 1.5t/ha for jowar, and to 2.5t/ha for groundnut. Extensive studies of canal lining techniques and materials were undertaken although little lining was completed. Joint assessment studies were undertaken to assess seepage and leakage from irrigation canals, farmer organisations were formed to run and maintain networks, and a system of rotational water supply management was instigated to provide equitable and timely distribution of water. The cost to complete the balance of work in the project was estimated at INR 228.14 million.

2. Rajasthan Command Area Development and Settlement Project

Effectiveness to Completion:	03/03/1980 – 31/12/1988
CI:	World Bank, IDA
Beneficiaries:	195 000 (39 000 households)
Project area:	Rajasthan state

The project formed part of the then largest irrigation project in India, the Indira Gandhi Nahar Project, consisting of a 445km main canal and associated distributory systems. 37% of the land area of Rajasthan was desert with the objective of the project to irrigate settled land over 246 000ha in the north-west of the state.

- Command area development
- Settlement development
- Studies, training, and monitoring

Performance: Project had been extended to accomplish revised targets and was completed satisfactorily in respect of the revised physical targets like watercourse lining, roads, afforestation, water supply, and settlement. About 57 000 ha of land was surveyed in order to identify the best irrigable areas and best alignments for water courses, however, during actual construction, only 70%

of the proposed land area was irrigated. The project suffered from numerous problems, namely: unreliable materials procurement and supply; unstable soil conditions; escalating construction costs; untimely and inadequate maintenance of completed canals; unsatisfactory erosion protection measures; and limited community mobilization. 110 water supply units or diggies were constructed – however, 75% were rendered inoperable by sand silting or hand-pump breakdown due to lack of maintenance. Afforestation alongside canal banks to ameliorate erosion was successful with 70% of trees surviving, while that in order to provide fuel wood and to stabilise dunes had a survival rate between 10 and 50%. The project introduced the first accurate measuring of groundwater level and quality, with levels rising at a rate of 80cm per annum. Indeed, the rise caused significant drainage and salinity problems with 1 674 ha classified as waterlogged. Volumetric water charges were introduced but this system offered no incentive to cultivators to make optimum use of water with some farmers making 20 applications to crops already in waterlogged soil.

3. Sunderban Development Project

Effectiveness to Completion:	04/02/81 – 30/06/89
Beneficiaries:	1 125 000 (225 000 households)
Project area:	south eastern part of the state of West Bengal

The project objectives were to improve the agricultural production potential during the wet season through improved drainage, water control, and better cultural practices; increase crop intensity by expanding irrigation facilities for dry season crops; initiate pilot schemes for the systematic development of brackish water aquaculture; initiate pilot schemes for the development of forestry for fuel and control of wind-wave-rain erosion on embankments; strengthening research, extension and cooperatives, and supporting development credit to farmers; and improve transportation facilities and marketing infrastructure.

- Drainage and irrigation
- Crop development
- Aquaculture
- Physical infrastructure
- Social forestry
- Medium term credit
- Agricultural extension
- Management

Performance: On average, the project achieved 91% of its revised physical targets in the drainage and irrigation component which included the construction of sluices, river closure systems, main and intermediate drains, field bunds, excavation of derelict canals, and ponds. No specific people-centred impacts were noted.

4. Madhya Pradesh Medium Irrigation Project

Effectiveness to Completion:	17/09/82 – 31/03/88
CI:	World Bank, IDA
Cofinancing:	World Bank, IDA
Beneficiaries:	180 000 (29 700 households)
Project area:	Madhya Pradesh state

The objective of the project was to construct or complete construction of a number of medium irrigation projects in the state in order to increase the success of irrigated agriculture.

- Medium irrigation project construction
- Minor support (both technological and management orientated) components

5. Uttar Pradesh Public Tubewells Project

Effectiveness to Completion:	06/10/83 – 31/03/91
CI:	World Bank: IDA
Cofinancing:	World Bank, IDA
Beneficiaries:	2 200 000 (440 000 households)
Project area:	45 of the 56 districts in Uttar Pradesh state

The project objectives were to alleviate poverty and create rural employment through improved agricultural production resulting from development of public tubewells.

- Construction of improved public tubewell systems
- Upgrading of existing public tubewells
- Research and development
- Agricultural development
- Training
- M&E

Performance: The success of the project depended on its ability to provide reliable, timely and equitable irrigation services. To minimise the risk of underutilization of project wells, a comprehensive agricultural development component was included in order to catalyse a transformation of local agriculture. There was wide divergence in tubewell performance with best results where farmers had irrigation experience, social structure was fairly homogenous, and utilities supply was efficient and reliable. Where these criteria were not found, benefits did not materialise and project ERR was negative. Problems encountered were that irrigation efficiency in the field was below design standard with a corresponding higher cost per unit of water pumped, irrigation intensity achieved only 90% of projected efficiency, considerable time lags between tubewell construction and commissioning, escalating administration and engineering costs by 300%, and world market prices for food grains did not reach the levels predicted at project design. Sustainability is intrinsically dependent on a continued power supply and good maintenance. There was a high degree of resistance of subsistence farmers to change from low cost input rainfed farming to high technology irrigated agriculture.

6. Orissa Tribal Development Project

Effectiveness to Completion:	27/05/88 – 31/12/97
CI:	UNOPS
Cofinancing:	WFP
Beneficiaries:	62 500 tribal (12 500 tribal households)
Project area:	Kasipur block, Koraput district, Orissa state

The objective of the project was to achieve a sustainable economic uplift of the tribal population with a spread of benefits that would reach the weaker and most disadvantaged section of the community.

- Integrated agricultural production and natural resource development investments
- Human resource development
- Rural infrastructure
- Land survey and settlement
- Implementation management support
- Price and physical contingencies

Performance: Activities undertaken had impact on increasing resource productivity in the project area and transforming the ecosystem and living conditions of the people. Traditional and low yielding

varieties of seeds were replaced with high-yielding hybrid varieties, while 221 water harvesting structures were constructed for irrigation purposes. 3 111ha were brought under vegetative cultivation, 5 595ha under green manuring, and 5 320 gully control schemes constructed. However, only 50% of target was reached for the construction of diversion dams and vegetative bunding. There was also a lack of marketing opportunities for agroforestry products and weak technical backup for irrigation activities. Sustainability is threatened since various agricultural inputs, provided free or at highly subsidised prices throughout the project, are now no longer available to tribals with no continuing mechanism to ensure the timely and regular supply of inputs after project end. Project impact was generally seen as weak and ineffectual due to a number of compounding problems involving poor beneficiary mobilisation, a lack of much needed strong people's organizations, privatisation of dongar lands, and poor quality training. Although much new wage employment was created, 75% of the employment was provided to males and 25% of households engaged their children in such activities. Household incomes were increased but this employment ceased after project end.

7. Tamil Nadu Women's Development Project

Effectiveness to Completion:	26/01/90 – 31/12/98
CI:	UNOPS
Cofinancing:	none
Beneficiaries:	201 600 (41 320 households)
Project area:	Dharmapuri, Salem, and South Arcot districts, Tamil Nadu state

The principal objective of the project was the economic and social uplifting of women to enhance the welfare of their families and improve their status within the family and in the community.

- Income-generating activities
- Institutional credit
- Informal credit and savings Mobilization
- Promotion of strong, cohesive women's group development
- Institutional support
- Training
- NGO involvement

Performance: Dynamic and cohesive SHGs contributed to positive performance, substantially replacing the role of moneylenders. Each SHG member benefited from on average 3-4 revolving credit loans from mobilised group savings. Repayment performance was good while loan recovery stood at 80%, and women were eventually able to obtain credit from formal sources. 117% more women benefited from institutional credit than was expected to an aggregate of INR 753.74 million. More than half of loans were used to finance livestock activities with an estimated 64% of beneficiaries crossing the poverty line and 85% of women feeling they had gained new skills or strengthened existing ones through credit provision. Women also gained new opportunities for mobility, formed partnerships through their groups with banks, NGOs, and district authorities, and gained confidence and political and human rights awareness. Groups had exercised collective action and negotiated and obtained new or refreshed services and access to drinking water, electricity, healthcare and education. The support of men to the SHGs was enlisted, with women's decision making power increasing thus instilling a new air of confidence and optimism in the groups and the community. Institutionally, PMU staff became better trained and more motivated, while Indian Bank was impressed that group collateral-based microfinance can be commercially viable. 70% of groups were estimated to possess the characteristics to make them sustainable with the survival rate at 88%. More than 60% were in a position to maintain their own records and accounts, employ an animator, and build enough capital within 3 years of startup to meet all consumption needs, reducing the need of NGO support which is expected to disappear, replaced by cluster federations of groups capable of providing mutual support and guidance. Their formation was seen as key in sustaining the project.

8. Andhra Pradesh Tribal Development Project

Effectiveness to Completion: 27/08/91 – 31/03/99

CI = UNOPS

Cofinancing = Netherlands, UNFPA

Beneficiaries = 291 500 (63 370 households)

Project area = 4 ITDAs: Seethampeta (Srikakulam district), Parvathipuram (Vizianagaram district), Paderu (Visakhapatnum district), and Rampachodavaram (East Godavari district)

The objective of the project was to foster self-reliant household food security by increasing the food production and raising the incomes of the tribal families in the project area, while pursuing a community-based participatory and cooperative approach.

- Community and women's development
- Health
- Education
- Natural resources development*
- Credit and marketing support
- Project management support (inc. M&E)

Performance: Project interventions arrested soil erosion in 50 864 ha belonging to 26 596 farmers as well as reducing environmental degradation through 12 292 dams and 54km of diversion drains. The project enabled tribal to construct 89 farm ponds with the average investment assistance towards long term eco-security and medium term food security being INR 3 992. Irrigation facilities were sustained to 8 603 households at an average investment cost of INR 12 087 per ha, resulting in visible returns to participants in terms of savings on annual household labour costs and increased food production/security. Long term household income was safeguarded in terms of nutritional adequacy and food security demands, by the planting of 27 577 ha of podu land with fruit trees, 4 696 ha with silver oak, and 62 853 for coffee and spice crops. 2 398 seed production sites and 6 515 demonstration plots were set up and associated training given to tribal farmers to facilitate improvements through a irrigated and dry land development practices package. The major component of natural resource management had knock-on effects, providing assistance to the other components, especially health, education, and community development.

On-going Projects

1. Maharashtra Rural Credit Project

Dates	01/06/94 – 30/09/00
CI	UNOPS
Cofinancing	UNDP, WIF
Beneficiaries	456 250 (91 250 households)
Project area	8 districts in Maharashtra state: Yavatmal, Chandrapur, Nanded, Pune, Dhule, Jalgaon, Buldhana, and Akola

The project goal is to alleviate poverty and promote rural development by increasing and improving the contribution of appropriate financial services for the rural poor.

- Improve the provision of financial services to the rural poor by commercial banks
- Facilitate the bankability of a large majority of rural poor as clients
- Promote, through the creation and operation of SHGs, savings Mobilization as the basis for lending to the rural poor

Progress/Innovations

The project's performance in terms of improving the services of formal financial institutions and building the reception capacity, so far, has remained impressive. This is amply demonstrated by:

- the number of SHGs and VDCs formed, savings mobilised, and the improvement achieved in the repayment performance
- women's empowerment achievements are excellent
- SHGs function democratically
- savings are mobilised and distributed in accordance with group's priorities
- financial discipline shown by groups is impressive
- Repayment rates are outstanding
- The status of women both within and outside the household improved substantially
- Women acquire new image and role
- Development of Formal Financial Services: By end of Aug. 1998, 635 bank branches are participating in the project with effective outreach spread to over 1,029 villages. Of this, 392 bank branches and 466 villages are from phase II areas. In phase II areas, RRBs and DCCBs are participating in addition to the existing five participating banks (PBs). 20 and 152 branches of RRBs and DCCBs, respectively, are designated to participate in the phase II areas.
- Informal Savings and Credit: Village Development Councils (VDCs) formed under the project are intended to facilitate community participation in credit and non credit needs of the villages, so far their physical number have been achieved, though in some village VDCs are yet to be formed. As of Sept. 1998, total no. of SHGs formed are 2,006 out of which 815 SHGs have been linked with the banks. As at end of Aug 1998, MAVIM has organised 1 123 SHGs directly in phase I districts of which 238 SHGs are through its contracted NGOs. The banks as a whole have formed 883 SHGs of which 177 SHGs are through contracted NGOs. Total SHGs membership is 32,096 of which MAVIM's SHGs make up 19,910 members.

- Implementation Support: DAH activities for the current year has been delayed due to delay in approval of budget. The DAH and RDD is to finalise the need for hatchery at Nagpur and Duck breeding farm at Wasda. Since inception, information provided that 4,034 participants have been trained for entrepreneurship awareness programme, of which 1,973 units have been started. 1,867 participants have participated in entrepreneurship development programme of which 1,461 proposals have been sanctioned for credit. There are 734 service enterprises, 850 industry activities and 1,452 business activities under its wing.

2. Andhra Pradesh Participatory Tribal Development Project

Dates	18/08/94 – 31/03/02
CI	UNOPS
Cofinancing	Netherlands
Beneficiaries	385 000 (76 810 households)
Project area	4 ITDAs of Uttoor (Adilabad district), Eturunagaram (Warangal district), Bhadrachalam (Khamman district), and K.R. Puram (West Godavari district) in the hilly forest tribal belt of northern Andhra Pradesh.

The overall objectives of the project are to: (i) raise income levels, ensure food security and improve the quality of life of the tribals within the context of the traditional tribal environment, culture and values; (ii) promote greater self-reliance amongst communities on a sustainable basis; and (iii) reduce and reverse environmental degradation.

The project which adds to the project area and continues the efforts of the previous project has achieved substantial progress. Major innovations introduced include:

- participatory implementation process by directly involving communities in small scale construction activities and thus abolishing the system of contracts
- participatory and empowering approach by promoting self-help groups (SHGs) and piloting of the federation of the SHGs
- the concept of village liaison workers to facilitate the creation of savings and credit groups
- participatory health and primary education concepts in the tribal areas
- value-adding harvesting and marketing approaches to the non-timber forest products

3. Mewat Area Development Project

Dates	07/07/95 – 31/12/03
CI	UNOPS
Cofinancing	none
Beneficiaries	380 000 (40 000 households)
Project area	Gurgaon and Faridabad districts of Haryana state

The objectives of the project are: (i) to improve the economic and social wellbeing of the Mewati community; (ii) promote greater self-reliance on a sustainable basis; and (iii) broaden the range of economic opportunities available to the community.

Progress/Innovations

Overall performance in recent years has been good. Major achievements include:

- People perceive soil and moisture conservation works as beneficial and are willing to participate in their maintenance
- Women mobilised through SHGs can be used as instruments of change
- NGOs have been fostered for community development for the first time in Mewat area
- Project management has provided good leadership
- Cooperation received from line-departments has been commendable
- Women have shown a remarkable increase in confidence levels even in the context of a conservative environment
- SHGs are performing well and repayment of loans stands at 100%

4. Rural Women's Development and Empowerment Project

Dates	19/05/99 – 30/06/02
CI	World Bank: IDA
Cofinancing	World Bank: IDA
Beneficiaries	130 000 women (7 400 SHGs)
Project area	35 districts of Bihar, Gujarat, Haryana, Karnataka, Madhya Pradesh, and Uttar Pradesh states

The main objective of the project is to strengthen processes promoting the economic development of women while creating an environment of social change to improve their quality of life.

- Establish women's SHGs and provide them greater access to and control over resources
- Sensitise and strengthen the institutional capacity of Government, NGOs and financial institutions to proactively address women's needs
- Increase income of poor women through involvement in income generating activities
- Develop linkages between SHGs and lending institutions in order to ensure women's continued access to credit
- Improve access to healthcare, education and drudgery-reduction activities

Progress/Innovations

Having overcome the initial teething problem, the Project has recruited NGOs and has started establishing the self-help groups.

5. North East Region Community Resource Management Project

Dates	23/02/99 – 31/12/04
CI	UNOPS
Cofinancing	none
Beneficiaries	131 000 (23 000 households)
Project area	6 districts of Meghalaya, Manipur and Assam states

The overall objective of the project is to improve the livelihood of vulnerable groups in a sustainable manner through improved management of their resource base in a way that contributes to protecting and restoring the environment. The major incremental production will stem from the forestry and agroforestry systems and a relative shift in the crop composition in the jhum areas.

Progress/Innovations

- The Project has established self-help groups (SHGs) to provide micro-finance services as well as to integrate women in community decision making process;
- Natural resource management groups (NARMG) have been established for the first time in an IFAD-assisted project involving entire community;
- NARM groups have prepared holistic natural resource development plans in a participatory way and are now preparing themselves to implement these plans; and
- SHGs and NARMGs have proved instrumental in promoting the sense of ownership of the development process by the community.