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IDA/R2016-0145/1

June 9, 2016

**Closing Date: Tuesday, June 28, 2016  
at 6 p.m.**

FROM: Vice President and Corporate Secretary

**India - Bihar Transformative Development Project "Jeevika II"**

**Project Appraisal Document**

Attached is the Project Appraisal Document regarding a proposed credit to India for a Bihar Transformative Development Project "Jeevika II" (IDA/R2016-0145), which is being processed on an absence-of-objection basis.

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Report No: PAD1892

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF US\$290 MILLION

TO THE

REPUBLIC OF INDIA

FOR A

BIHAR TRANSFORMATIVE DEVELOPMENT PROJECT “JEEVIKA II”

June 1, 2016

*Agriculture Global Practice*  
SOUTH ASIA Region

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective June 1, 2016)

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Currency Unit = Indian Rupees (INR)

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INR 67.42= US\$1

FISCAL YEAR  
April 1 - March 31

## ABBREVIATIONS AND ACRONYMS

AWP	Annual Work Plan	IPF	Investment Project Financing
BCC	Behaviour Change Communication	ISM	Implementation Support Mission
BMGF	Bill and Melinda Gates Foundation	ISP	Implementation Support Plan
BPIUs	Block Project Implementation Units	NGO	Non-governmental Organisation
BRLP	Bihar Rural Livelihoods Project	NREGS	National Rural Employment Guarantee Scheme
BRLPS	Bihar Rural Livelihoods Promotion Society	NREGA	National Rural Employment Guarantee Act
BTDP	Bihar Transformative Development Project	NRLM	National Rural Livelihoods Mission
CBC	Capacity Building Cell	NRLP	National Rural Livelihoods Project
CBOs	Community-Based Organizations	NSDP	Net State Domestic Product
CDD	Community Driven Development	OBC	Other Backward Castes
CE	Citizen's Engagement	ODF	Open Defecation Free
CID	Community Institutional Development	PC	Producer Company
CIF	Community Investment Fund	PDS	Public Distribution System
CLF	Cluster Level Federation	PG	Producer Group
COM	Community Operational Manual	PIP	Project Implementation Plan
CPS	Country Partnership Strategy	PHED	Public Health Engineering Department
DEA	Department of Economic Affairs	PMKVY	Pradhan Mantri Kaushal Vikas Yojana
DFID	Department for International Development	POs	Producer Organizations
DPCUs	District Project Coordination Units	PRAMS	Procurement Risk Assessment Manual System

EBC	Extremely Backward Castes	PRI	Panchayati raj Institutions
EC	Executive Committee	PVSP	Participatory Varietal Selection and Promotion
EMF	Environmental Management Framework	RBI	Reserve Bank of India
FM	Financial Management	RF	Revolving Fund
FMM	Financial Management Manual	SBM	Swachh Bharat Mission
FSF	Food Security Fund	SCI	System of Crop Intensification
GB	General Body	SCs	Scheduled Castes
GHG	Green House Gas	SHAN	Sanitation and Health Fund
GoB	Government of Bihar	SHG	Self Help Groups
GoI	Government of India	SWM	Solid Waste Management
GP	Gram Panchayat	SMF	Social Management Framework
GPDP	Gram panchayat development Plan	SPM	State Project Manager
GRM	Grievance Redressal Mechanism	SPMU	State Project Management Unit
GRS	Grievance Redress Service	SRI	System of Rice Intensification
HNS	Health, Nutrition and Sanitation	STs	Scheduled Tribes
HR	Human Resource	SWI	System of Wheat Intensification
HRF	Health Risk Fund	SWM	Solid Waste Management
HRM	Human Resource Management	TDF	Tribal Development Framework
IBRD	International Bank for Reconstruction and Development	ToR	Terms of Reference
ICDS	Integrated Child Development Services	UK-DFID	Department for International Development
ICT	Information Community Technology	VO	Village Organization
MIP	Micro Investment Plan	WASH	Water, Sanitation and Hygiene
MIS	Management Information System	WB	World Bank
MLE	Monitoring, Learning, And Evaluation	ZBNF	Zero Budget Natural Farming
MoRD	Ministry of Rural Development		
MoUs	Memorandums of Understanding		
IDA	International Development Association		

Regional Vice President: Annette Dixon  
 Country Director: Onno Ruhl  
 Senior Global Practice Director: Juergen Voegelé  
 Practice Manager: Shobha Shetty  
 Task Team Leader(s): Vinay Kumar Vutukuru, Mio Takada



## BASIC INFORMATION

Is this a regionally tagged project? No	Country (ies)	Lending Instrument Investment Project Financing
<input type="checkbox"/> Situations of Urgent Need or Assistance/or Capacity Constraints <input type="checkbox"/> Financial Intermediaries <input type="checkbox"/> Series of Projects		
Approval Date 28-Jun-2016	Closing Date 31-Oct-2022	Environmental Assessment Category B - Partial Assessment
Bank/IFC Collaboration No	Joint Level	

### Proposed Development Objective(s)

The PDO is to diversify and enhance household-level incomes and improve access to and use of nutrition and sanitation services among targeted households.

### Components

Component Name	Cost (USD Million)	Comments
Community Institutional Development	115.00	
Community Investment Funds	200.00	
Access to Nutrition and Sanitation Services	45.00	
Innovations, Partnerships and Technical Assistance	15.00	
Project Management	40.00	

## Organizations

Borrower : Government of India

Implementing Agency : Bihar Rural Livelihoods Promotion Society , Government of Bihar

## PROJECT FINANCING DATA (IN USD MILLION)

<input type="checkbox"/> Loan	<input type="checkbox"/> IDA Grant	<input checked="" type="checkbox"/> IDA Credit	<input type="checkbox"/> Trust Funds	<input checked="" type="checkbox"/> Other
Total Project Cost:	Total Bank Financing:		Financing Gap:	
415.00	290.00		0.00	

## Financing (in USD Million)

Financing Source	Amount
Borrower	125.00
International Development Association (IDA)	290.00
<b>Total</b>	<b>415.00</b>

## Expected Disbursements (in USD Million)

Fiscal Year	2017	2018	2019	2020	2021	2022	2023
Annual	15.00	25.00	40.00	60.00	75.00	60.00	15.00
Cumulative	15.00	40.00	80.00	140.00	215.00	275.00	290.00

## INSTITUTIONAL DATA

### Practice Area (Lead)

Agriculture

## Contributing Practice Areas

Health , Nutrition & Population, Water, Finance and Markets

## Cross Cutting Topics

- ☒ Climate Change
- ☐ Fragile, Conflict & Violence
- ☒ Gender
- ☒ Jobs
- ☐ Public Private Partnership

## Sectors / Climate Change

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Agriculture, fishing, and forestry	General agriculture, fishing and forestry sector	80	30	10
Health and other social services	Health	10	1	1
Water, sanitation and flood protection	Sanitation	10	1	1
<b>Total</b>		<b>100</b>		

## Themes

Major Theme	Theme	%
Rural development	Rural markets	10
Rural development	Rural non-farm income generation	50
Rural development	Rural policies and institutions	20
Rural development	Rural services and infrastructure	10
Rural development	Other rural development	10
<b>Total</b>		<b>100</b>

## Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks.



## Gender Tag

Does the project plan to undertake any of the following?

Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF

Yes

Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment

Yes

Include Indicators in results framework to monitor outcomes from actions identified in (b)

Yes

## SYSTEMATIC OPERATIONS RISK- RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Low
2. Macroeconomic	● Low
3. Sector Strategies and Policies	● Low
4. Technical Design of Project or Program	● Low
5. Institutional Capacity for Implementation and Sustainability	● Moderate
6. Fiduciary	● Moderate
7. Environment and Social	● Moderate
8. Stakeholders	● Low
9. Other	
10. Overall	● Moderate

## COMPLIANCE

### Policy

Does the project depart from the CPF in content or in other significant respects?

☐ Yes    ☒ No

Does the project require any waivers of Bank policies?

☐ Yes ☒ No

Have these been approved by Bank management?

☐ Yes ☒ No

Is approval for any policy waiver sought from the Board?

☐ Yes ☒ No

Does the project meet the Regional criteria for readiness for implementation?

☒ Yes ☐ No

#### Safeguard Policies Triggered by the Project

	Yes	No
Environmental Assessment OP/BP 4.01	✓	
Natural Habitats OP/BP 4.04		✓
Forests OP/BP 4.36		✓
Pest Management OP 4.09		✓
Physical Cultural Resources OP/BP 4.11		✓
Indigenous Peoples OP/BP 4.10	✓	
Involuntary Resettlement OP/BP 4.12		✓
Safety of Dams OP/BP 4.37		✓
Projects on International Waterways OP/BP 7.50		✓
Projects in Disputed Areas OP/BP 7.60		✓

#### Legal Covenants

##### Sections and Description

[SECTION-I A.1 OF SCHEDULE TO PROJECT AGREEMENT]:

GoB to maintain the BRLPS with representation from all stakeholders, and staffed with sufficient personnel with adequate skills and qualifications including a chief finance officer, a procurement professional, a chief executive officer and a dedicated specialist for social and environmental safeguards.

#### Sections and Description

##### [SECTION I B.1 OF SCHEDULE TO PROJECT AGREEMENT]:

GoB, acting through BRLPS, to implement the Project in accordance with the PIP, FM Manual, Procurement Manual, HR Manual and the procedures, principles and practices set forth in the COM.

---

#### Sections and Description

##### [SECTION I C.1 OF SCHEDULE TO PROJECT AGREEMENT]:

GoB to establish and maintain the CIF as per the COM and PIP, for purposes of providing Grants to beneficiaries (as defined in the Financing Agreement) and SHG Grants to SHGs.

---

#### Sections and Description

##### [SECTION I C.2 OF SCHEDULE TO PROJECT AGREEMENT]:

GoB to ensure that SHG Grants to be made to SHGs in accordance with the eligibility criteria and procedures set forth in PIP and COM.

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#### Sections and Description

##### [SECTION I C.3,4 &5 OF SCHEDULE TO PROJECT AGREEMENT]:

GoB to ensure that BRLPS: (i) enter into Beneficiary Agreements with beneficiaries selected as per the COM and PIP, and under terms and conditions set forth in the COM and PIP; and (ii) adequately protects the interest of GoI and the Association.

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#### Sections and Description

##### [SECTION I D.1 & 2(A) OF SCHEDULE TO PROJECT AGREEMENT]:

GoB to cause BRLPS and the CBOs and POs to implement Project activities in accordance with the EMF and the SMF/TDF, as well as the EMPs/TDPs to be prepared in accordance thereto upon the screening of Project activities.

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#### Sections and Description

##### [SECTION I.D.2(B) OF SCHEDULE TO PROJECT AGREEMENT]:

GoB to cause BRLPS to ensure that: (i) prior to commencing any civil works, all governmental permits and clearances have been obtained and any conditions attached thereto have been fulfilled; and (ii) each contract for civil works includes the contractor's obligation to comply with the relevant safeguard documents.

---

#### Sections and Description

[SECTION I D.3 OF SCHEDULE TO PROJECT AGREEMENT]:

GoB to cause BRLPS to: (i) maintain, and ensure the CBOs and POs maintain, monitoring and evaluation protocols and record keeping procedures to adequately supervise and assess implementation of/compliance with safeguard documents, and (ii) hire a consultant to carry out a review of the implantation of the safeguard documents by no later than December 31, 2018.

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#### Sections and Description

[SECTION II B.2 OF SCHEDULE TO PROJECT AGREEMENT]:

GoB to submit financial statements for each fiscal year, audited by independent auditors, within 9 months of the end of the fiscal year.

#### Sections and Description

[SECTION II C OF THE SCHEDULE TO PROJECT AGREEMENT]:

GoB to establish (within 9 month of effectiveness) and thereafter maintain and operate throughout the Project implementation a grievance redressal mechanism for stakeholders and beneficiaries for the filing of complaints arising out of the Project, subject to guidelines and procedures set forth in the PIP.

---

#### Conditions

Not Applicable

## PROJECT TEAM

Name	Role	Specialization	Unit
Vinay Kumar Vutukuru	Team Leader(ADM Responsible)	Agriculture & Rural Development	GFA06
Mio Takada	Team Leader	Agriculture Economist	GFA06
Balogopal Senapati	Procurement Specialist(ADM Responsible)	Procurement	GGO06
Mohan Gopalakrishnan	Financial Management Specialist	Financial Management	GGO24
Adarsh Kumar	Team Member	Value Chains, Skills	GFA06
Amir Hamza Syed	Team Member	Water & Sanitation	GWASE
Amit Arora	Team Member	Financial Inclusion	GFA06
Danielle Malek Roosa	Counsel	Legal	LEGES
Debaraj Behera	Team Member	Agriculture	GFADR
Geetika Hora	Team Member	Social Safegaurds	GSU06
Jacqueline Julian	Team Member	M & E & Costing	GFA06
Jeevanandhan Duraisamy	Team Member	GHG Analysis	GFADR
Kamlesh Prasad	Team Member	Institution Building	GFA06
Martin M. Serrano	Counsel	Legal	LEGES
Mohini Kak	Team Member	Health & Nutrition	GHN06
Mrinalini Penumaka	Team Member	Data Analytics	GFADR
Padma Buggineni	Team Member	Health & Nutrition	GFADR
Paramveer Singh	Team Member	Data Analytics	GFADR
Parmesh Shah	Team Member	Agriculture Livelihoods & Jobs	GFA06
Punam Ramsagar Sah	Team Member	HR & Skills	GFADR
Ruma Tavorath	Environmental Specialist	Environment Safegaurds	GEN07
Sandra Ursula Sousa	Team Member	Operational Support	SACIN
Sitaramachandra Machiraju	Team Member	Water & Sanitation	GWASP

Vanitha Kommu	Team Member	Environment Safegaurds	GEN06
Varun Singh	Safeguards Specialist	Social Safeguards	GSU06
Vijayasekar Kalavakonda	Team Member	financial inclusion	GFM3A
Vinayak Narayan Ghatate	Team Member	Non- Farm Development	GFA06



## INDIA BIHAR TRANSFORMATIVE DEVELOPMENT PROJECT

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## I. STRATEGIC CONTEXT

### A. Country Context

**1. India's Poverty Context:** In the last two decades, India has achieved significant economic growth and seen substantial reduction in absolute poverty.<sup>1</sup> Shared prosperity—the growth of per capita real household income of the bottom 40 percent of the population—has improved, with a considerable narrowing in the gap between average consumption and the growth of the bottom 40 percent.<sup>2</sup> Still, nearly 21 percent of the Indian population lives on less than \$1.90 a day in 2011 PPP terms.<sup>3</sup>

2. The Government of India (GoI) in its Twelfth Five-Year Plan recognized that strong community institutions, like women's Self-Help Groups (SHGs) and their federations, are a central strategy for poverty reduction. The National Rural Livelihoods Mission (NRLM)<sup>4</sup> was launched by the Ministry of Rural Development (MoRD) of the GoI in June 2011. Aided in part through the Bank supported National Rural Livelihoods Project (NRLP), the NRLM creates efficient and effective institutional platforms for rural women from poor households, enabling them to increase household income through sustainable livelihood activities and improved access to financial services.

### B. Situations of Urgent Need of Assistance or Capacity Constraints (if applicable)

Not applicable.

### C. Sectoral and Institutional Context

**3. Bihar's Poverty Context:** Bihar, with a population of approximately 104 million, is India's most densely populated State. Approximately 89 percent of Bihar's population lives in rural areas, making Bihar India's least urbanized State. From 2005, Bihar witnessed sustained economic growth with more than 10-percent annual growth rate.<sup>5</sup> Despite such growth, Bihar's per capita Net State Domestic Product (NSDP)—INR 16,801—is less than half of the national average of INR 41,398.<sup>6</sup> The erstwhile Planning Commission of India estimated that, between 2011 and 2012, 33.7 percent of Bihar's population lived below the poverty line.<sup>7</sup> Though Bihar's poverty rate has declined—it was 54.4 percent in 2004-2005—the absolute number living in poverty remains high at 35.8 million. Poverty rates for Scheduled Castes (SCs) and Scheduled Tribes (STs)—who

<sup>1</sup> From 1994 to 2012, India's poverty rate declined from 45.3 percent to 21.9 percent. Source: Table 1 Percentage and Number of Poor Estimated by Tendulkar method using Mixed Reference Period, Page 3, Note on Poverty Estimates 2011-2012, Government of India, Planning Commission.

<sup>2</sup> Page-3, India Country Partnership Strategy 2013-2017, The World Bank Group

<sup>3</sup> India 2011 data, World Bank Poverty and Equity Database

<sup>4</sup> The scheme was renamed as Deen Dayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM) in 2015.

<sup>5</sup> Page-1, Chapter-1: Bihar Economy, An Overview, Economic Survey of Bihar, 2015-2016, Finance Department, Government of Bihar

<sup>6</sup> Table 1.3, Page-5, Economic Survey of Bihar, Finance Department, Govt. of Bihar, 2015-16.

<sup>7</sup> Table-2, Page-7, Number and percentage of population below poverty line by States (2011-12); Press Note on Poverty Estimates, Planning Commission, Govt. of India, July 2013.



constitute nearly 18 percent of Bihar's population—are higher than for other groups, indicating high socio-economic disparities between social groups. Poverty rates for SCs and STs are estimated at 68.1 percent and 64.4 percent, respectively.<sup>8</sup> A key constraint for Bihar's rural poor is low access to financial services. Bihar accounts for only 4.8 percent of all the bank branches in India, though its share in India's population is 8.6 percent. Bihar's credit-deposit ratio, the lowest among India's most populous States, is 32.8 percent.<sup>9</sup> Due to poor access to formal financial services, the majority of Bihar's poor are forced to depend on high-cost credit from informal lenders.

**4. Bihar's Agriculture Sector:** Agriculture and allied sectors employ 79 percent of Bihar's rural workforce.<sup>10</sup> Food grains make-up 93 percent of the total sown area, and cereals comprise a majority of the total. In recent years, overall agricultural production and productivity have improved considerably.<sup>11</sup> However, subsistence farmers cannot earn higher returns owing to land fragmentation and lack of organized farmer producer organizations.<sup>12</sup> Most of Bihar's marginal farmers have poor access to extension services, good quality inputs like improved seeds, market services, price information, and institutional credit.

**5. Bihar's Human Development Context:** In 2011, Bihar's inequality adjusted Human Development Index was 0.303<sup>13</sup>. Malnutrition remains at high-levels across the State; approximately 50 percent of children aged five and under are stunted (low height-for-age) and 21 percent of children aged five and under are wasted (low weight-for-height). More than 44 percent of children aged five and under are underweight.<sup>14</sup> Seventy-three percent of households have no access to proper sanitation facilities at the household-level.<sup>15</sup> In Bihar, SCs and STs perform poorly on human development indicators when compared to the general population. For instance, the percentage of stunted children in rural Bihar overall stands at 50 percent (as mentioned above) whereas, it stands at a much higher 57 percent for SCs. Similarly, the percentage of institutional deliveries among SC and ST households is 59 and 55 percent respectively, much lower than the overall figure of 64 percent for rural Bihar.<sup>16</sup>

**6. Bihar Rural Livelihoods Project (BRLP):** The Government of Bihar (GoB) started implementing the BRLP, referred to as "Jeevika", in 2007. The BRLP is a World Bank supported poverty alleviation program, which originally started, in six districts and 42 blocks of Bihar. In 2012, the project received additional financing to expand into an additional 60 blocks. The BRLP now operates in six districts and 102 blocks, and has mobilized nearly 1.8 million rural women from poor households into 150,000 SHGs and 9,500 Village Organizations (VOs)<sup>17</sup> and 161

<sup>8</sup>Table 7.4, State-wise rural poverty ratio among social groups (1993-94 and 2009-10), available at [www.rural.nic.in/sites/downloads/IRDR/7.%20Social%20Development.xls](http://www.rural.nic.in/sites/downloads/IRDR/7.%20Social%20Development.xls)

<sup>9</sup>Table 9.2 and 9.8, Page 252 and 257 resp. Economic Survey of Bihar 2015-16, Dept. of Finance, Govt. of Bihar

<sup>10</sup>Primary Census Abstract; Census 2011- 22.3 percent rural workers are cultivators while 56.9 percent are agricultural laborers.

<sup>11</sup>Cropping intensity in Bihar has increased from 1.37 in 2009-10 to 1.42 in 2011-12. Production of rice, wheat and maize have recorded a positive trend over the last few years. Economic Survey of Bihar, 2014- 2015, Finance Department, Government of Bihar.

<sup>12</sup>In Bihar, ninety percent of land holdings are classified as small or marginal.

<sup>13</sup>Table-3: HDI and IHDI estimates across Indian States, Page-18, Inequality adjusted Human Development Index for Indian States 2011; United Nations Development Program.

<sup>14</sup>State Fact Sheet-Bihar, National Family Health Survey-IV, 2015-16, Ministry of Health and Family Welfare, Govt. of India

<sup>15</sup>Key Indicators of Drinking Water, Sanitation, Hygiene and Housing Condition in India, National Sample Survey 69th Round

<sup>16</sup>Bihar Fact Sheet, Rapid Survey on Children, 2013-14, Ministry of Women and Child Development, Govt. of India

<sup>17</sup>VOs are federations of self-help groups at the village level.



Cluster Level Federations (CLF).<sup>18</sup>The Bihar Rural Livelihoods Promotion Society (BRLPS) is also Bihar's designated State Rural Livelihoods Mission and is responsible for implementing the World Bank supported National Rural Livelihoods Project (NRLP) in 77 blocks. Thus far, in these 77 blocks, the BRLPS has mobilized 1.1 million rural women from poor households into 91,650 SHGs and 5000 VOs. In total, BRLPS works in 179 blocks of Bihar under BRLP and NRLP.

7. The BRLPS successfully demonstrated an approach that: (a) mobilized women from poor households into community-based organizations (CBOs) including SHGs, VOs and CLFs; (b) supported women CBOs with capacity building and initial capitalization; thereby, giving women access to financial services from formal financial institutions and other service providers; (c) enabled SHG women to access productivity enhancement services in agriculture and livestock sectors through a community-based extension system; (d) mobilized SHG women into Producer Organizations (POs), which include Producer Companies (PCs) and Producer Groups (PGs), and partnered with technical support agencies (TSAs) for input services and market linkages in the agriculture, livestock and nonfarm sectors; (e) provided skill-development programs, in partnership with skill-development agencies, for eligible youth; (f) implemented behavior-change-communication (BCC) programs to improve SHG women's access to nutrition and sanitation services; and (g) linked community institutions with large private sectors players and social enterprises for input and market services. Further details are given in Annex-5.

8. Despite progress, Bihar still faces development challenges that require intensive and longer-term support. SHG mobilization has been uneven in the State, compared to states like the erstwhile-United Andhra Pradesh. For example, in erstwhile-United Andhra Pradesh 11.7 million rural households out of 14.2 million rural households (82.4 percent of AP's rural population) have been mobilized into SHGs. In comparison, in Bihar only 5.5 million rural households out of a total of 17 million rural households (32.4 percent of Bihar's rural population) have been mobilized into SHGs.<sup>19</sup> Additionally, Bihar lags behind other States in leveraging institutional credit.<sup>20</sup>

9. The Government of Bihar's emerging priorities include women's socio-economic empowerment, improved access to health, nutrition and sanitation services, and skill development and job placement for youth. For the GoB, the organization of poor rural women into strong and sustainable community institutions is a central strategy in tackling Bihar's rural poverty. Building on the experience of the BRLP and the NRLP, the GoB plans to expand rural livelihood development activities to 300 blocks in Bihar through the Bihar Transformative Development Project (hereafter referred to as "the Project").

**10. Rationale for the World Bank's Involvement:** Bihar's poverty rates are among the highest in India and as explained in the sections above, there is a need to scale up mobilization, access to financial services, markets and nutrition and sanitation services for large number of rural poor. Recognizing the results and achievements of BRLP and NRLP, the GoB approached the World

<sup>18</sup> Cluster Level Federations, are federations of village organizations.

<sup>19</sup> Population data sourced from Census 2011, SHG data sourced from [www.nrlm.gov.in](http://www.nrlm.gov.in)

<sup>20</sup> For instance, in FY 2014-15, Kerala leveraged nearly INR 14.44 billion in bank linkage for approximately 77,000 SHGs. Bihar, in contrast, leveraged INR 4.71 billion in bank linkage for 65,000 SHGs. (Statement-II B, Page-46, Status of Microfinance in India 2014-15, NABARD)



Bank for high-quality technical assistance and implementation support to further reduce poverty in the rest of the State of Bihar. Hence, the proposed project will build on the approach that was successfully demonstrated under BRLP and NRLP in 6 districts and 179 blocks, and will expand its coverage to the remaining 32 districts and 300 blocks. While continuing to exclusively mobilize women into SHGs, the project will enable the inclusion of a majority of the women from SC/ST households in the 300 blocks. This expansion will thus enable the targeted poor household to gain access to a range of services needed to enhance their income and livelihood. The World Bank is uniquely positioned to support and partner with the GoB in the above scale up by bringing its national, regional and international best practices, particularly in regard to rural livelihood development. Currently, the World Bank has supported three major State level livelihood development projects with a similar approach to the Project.<sup>21</sup> Furthermore, these State-level projects have successfully expanded the SHG-model throughout their States and scaled their operations. Lessons from such State and national-level projects can be incorporated into the proposed project. Such cross-pollination of best practices is critical, because the Project represents a substantial expansion of this kind of approach. The World Bank's global experience with producer organizations (POs) and value-chain development will moreover inform the project's design and promotion of community-owned and managed POs.<sup>22</sup> The World Bank has experience in integrating delivery of nutrition and sanitation interventions with community institutions. With its extensive global and regional network and partnerships, the World Bank can strengthen TA partnerships between the Project and development partners, such as the Bill and Melinda Gates Foundation (BMGF) and the Department for International Development (UK-DFID).<sup>23</sup> In this context, the World Bank's support ensures that the proposed project will not only scale up a successfully demonstrated approach but also will ensure sustainable and long-standing positive impact on Bihar's rural poor.

#### **D. Higher Level Objectives to which the Project Contributes**

11. The GoB's anti-poverty strategy aims to invest in women's socio-economic empowerment, improve farm and non-farm livelihood opportunities, and increase SHG and community participation to ensure transparent and efficient delivery of government services. The GoB plans to use the Project's SHG platforms to deliver on-going government programs—such as the Bihar Vikas Mission.<sup>24</sup> In working with the Project's community institutions, the GoB intends to target the poorest of households—vulnerable groups such as SCs and STs—and strengthen access to and delivery of government programs.

12. The World Bank's support of the Project is consistent with the India Country Partnership Strategy (CPS) (2013-17) (Report No. 76176-IN, March 21, 2013). In line with the CPS, the

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<sup>21</sup> The World Bank has supported similar projects at the state-level—in Andhra Pradesh, Telangana and Tamil Nadu—and at the national-level, through the NRLP.

<sup>22</sup> For example: The National Diary Support Project and the Maharashtra Agriculture Competitiveness Project in India, and the Productive Alliances Program implemented in the Latin America and the Caribbean region. Successful design elements from these projects will be incorporated into the Project.

<sup>23</sup> The World Bank has been successful in enabling such technical assistance to Bihar as part of the Bihar Rural Livelihoods Project.

<sup>24</sup> The GoB's Bihar Vikas Mission consists of seven sub-missions focused on: agriculture, human development, drinking water and sanitation, rural development, industry and business, infrastructure, youth, and governance.



Project promotes a State-driven poverty reduction approach in a low-income State. The Project's objectives align with the World Bank's twin goals of reducing poverty and increasing shared prosperity. Moreover, the Project aligns with all three CPS areas of engagement: integration, rural-urban transformation, and inclusion.<sup>25</sup> The Project will mobilize women from the poorest households into community institutions namely SHGs and federations.<sup>26</sup> By joining SHGs, poor women can gain access to credit from formal financial institutions and increase household savings.<sup>27</sup> By joining farmer producer groups run and managed by women, they can access extension services and become viable targets for value chain interventions.<sup>28</sup> The Project intends to work with the most marginalized groups—primarily, SCs and STs. Through the Project, poor households will have better access to health, nutrition, and government services.<sup>29</sup>

## II. PROJECT DEVELOPMENT OBJECTIVES

### A. PDO

13. The project development objective (PDO) is to diversify and enhance household-level incomes and improve access to and use of nutrition and sanitation services among targeted households.

#### Project Beneficiaries

14. The Project's beneficiaries will include approximately **five million women** from poor rural households across **300 blocks** and **32 districts of Bihar**. The Project will focus on marginalized communities like the SCs, STs, Minorities, Extremely Backward Castes (EBC), and Other Backward Castes (OBC), which will constitute at least 60 percent of total beneficiaries.

### PDO Level Results Indicators

15. The following indicators will be used to monitor and measure the Project's success in achieving the above PDO:

- 1) % of SHG households that have at least one additional source of income;
- 2) % of SHG households that have increased their incomes by at least 30%;
- 3) % increase in children aged 6 to 23 months with minimum dietary diversity<sup>30</sup> among the targeted SHG members;
- 4) Reduction in the prevalence of open defecation among the targeted SHG members

<sup>25</sup> World Bank support in India, as outlined in the CPS, is focused on three pillars—integration, transformation, and inclusion—and a crosscutting focus on improving governance, environmental stability, and gender equality.

<sup>26</sup> The project will address gender disparities: only women are members of Project-supported SHGs and federations, and all the project's capacity building services and investments support these institutions. India Country Partnership Strategy Outcome 3.7, 2013-2017.

<sup>27</sup> India Country Partnership Strategy Outcome 3.7, 2013-2017.

<sup>28</sup> India Country Partnership Strategy Outcome 2.4, 2013-2017.

<sup>29</sup> India Country Partnership Strategy Outcome 2.2 and 2.3, 2013-2017.

<sup>30</sup> Minimum dietary diversification is defined as consumption of at least four food groups per day.



(number);<sup>31</sup>

- 5) Direct Project beneficiaries; and % who are female (Core Sector Indicator);
- 6) % of women from SC/ST households, mobilized into SHGs<sup>32</sup> in the project blocks.

### III. PROJECT DESCRIPTION

#### A. Project Components

Component Name	Cost (USD Million)	Comments
Community Institutional Development	115.00	
Community Investment Funds	200 .00	
Access to Nutrition and Sanitation Services	45.00	
Innovations, Partnerships and Technical Assistance	15.00	
Project Management	40.00	

**16. Component 1 | Community Institutional Development (Total US\$115 million, of which IDA Contribution US\$ 80million):** Component one aims to develop strong and sustainable women-only SHGs and their federations, and producer organizations (POs) and to systematically build the capacity of these organizations. This component consists of two sub-components:

**17. Sub-Component 1.1: Development of Self-Help Groups and their Federations:** This sub-component supports the identification, selection, and mobilization of women from poor rural households into self-managed institutions—SHGs, Village Organizations<sup>33</sup> (VOs), and Cluster Level Federations<sup>34</sup> (CLFs). In addition, the BRLPS will work with and strengthen the capacity of pre-existing SHGs and federations. The BRLPS will place teams at the block and sub-block levels, who will identify and train resources persons from the community into Community Professionals and Community Resource Persons.<sup>35</sup> They will mobilize and build the capacity of CBOs. CBO's central tasks include a) financial intermediation<sup>36</sup> and b) improving access to government services

<sup>31</sup> In 100 of the Project's intensive blocks, where intensive health, nutrition, and sanitation interventions are to be implemented.

<sup>32</sup> One woman per SC/ST household will be considered for this indicator.

<sup>33</sup> Village Organizations (VOs) are federations of SHGs at the village level.

<sup>34</sup> Cluster Level Federations are federations of VOs at the sub-block level.

<sup>35</sup> Community Professionals work as community mobilizers to form SHGs and VOs, CBO book keepers, Cluster facilitators, etc. They support the BRLPS frontline staff in CBO mobilization and registration, community procurement, book keeping and financial management. Community Resource Persons are experienced SHG-members who have come out of poverty due to interventions similar to those proposed under the Project. Community Resource Persons work BRLPS to promote and form new SHGs in project villages and blocks.

<sup>36</sup> Financial intermediation responsibilities include: managing finances and group savings, rotating internal funds, and enabling access to loans from formal financial institutions.



through convergence with local government and Bihar government line departments. The BRLPS will improve CBOs' capability through training and institution building focused on: a) developing good quality micro investment plans; b) developing and adopting quality monitoring protocols like ratings of SHGs and VOs; c) rotation of funds; d) convergence<sup>37</sup>; and e) strong systems to manage Community Professionals.

**18. Sub-Component 1.2: Development of Producer Organizations:** This sub-component supports the mobilization of women SHG members, who already have access to financial services and productivity enhancement services, into POs. POs will specialize in commodity clusters<sup>38</sup> in farm or nonfarm sectors. POs will focus on high-value commodities like maize, vegetables, milk, poultry, honey, and handicrafts. In joining POs, women producers can access high-quality support services, improved technology, credit, and extension and marketing services.

**19. Component 2 | Community Investment Funds (Total US\$ 200 million, of which IDA Contribution US\$ 140 million):** Component two aims to diversify and enhance household income by (a) providing CBOs with financing on a demand driven basis, which in turn, allows them to access larger investments for activities<sup>39</sup> outlined in their micro investment plans<sup>40</sup> from commercial banks and other financial institutions; (b) providing POs financing for value chain interventions (including input services, value-addition, and market linkages) in the farm and nonfarm sector outlined in their business plans; and (c) providing eligible youth with skills training, job placements and post-placement support, and entrepreneurship opportunities. This component has three sub-components:

**20. Sub-Component 2.1: Community Investment:** This sub-component will finance catalytic investments to SHGs, VOs, and CLFs, with the primary objective of enabling larger inflows of institutional credit from formal financial institutions and from government programs on financial inclusion. Funds will be transferred to VOs and CLFs and will be used as a revolving fund to support SHGs in a given village. SHGs will leverage Community Investment Funds to mobilize additional funds from formal financial institutions through SHG-bank linkages. Financing will also be provided to VOs and CLFs for activities outlined in micro investment plans prepared by SHGs. It will also support activities that enable access to insurance and pensions for SHG households.

**21. Sub-Component 2.2: Value Chain Development:** This sub-component will focus on value chain initiatives across the farm and nonfarm sectors. It will include (a) productivity enhancement activities, including the delivery of community-based extension services and promotion of modern technologies; (b) value chain initiatives in farm sectors; (c) a strong end-to-end value chain approach across non-farm sub-sectors like rural creative industries, rural home-based industries, rural retail, rural hospitality, rural services, and rural transportation. The POs will serve as the

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<sup>37</sup> CBOs will work to improve their members' access to and use of local government and Bihar government services, entitlements, and programs. "Convergence" refers to this process.

<sup>38</sup> Selection of commodity clusters will be based on commercial potential and the PO's ability to secure economies of scale.

<sup>39</sup> These activities could include, though not limited to, clearing high-cost debt and new livelihood activities (agriculture productivity enhancement, nonfarm activities, health, nutrition and sanitation related activities among others).

<sup>40</sup> SHGs develop micro investment plans to access finance from formal financial institutions and project funds. micro investment plans reflect an SHG's proposed livelihood investments and financial needs.





institutional platform through which the above interventions will be implemented. Financial support will be provided to POs for community-level productive assets, small equipment, working capital, training and capacity building activities, and extension activities.

**22. Sub-Component 2.3: Skills Training and Entrepreneurship Development:** This sub-component focuses on identifying youth—with a focus on young women, those with disabilities, and those from poor-SHG households—and linking them to skill development programs, jobs, and entrepreneurship opportunities. The objective is to support youth as they move into self-employment or wage-employment. Interventions include (a) providing youth with pre-and post-training support; (b) enabling increased access to and enhanced employment outcomes for government programs such as the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) and the Deen Dayal Upadhyay Grameen Kaushalya Yojana (DDUGKY) of GoI and the Bihar Skill Development Mission of Govt. of Bihar; and (c) training youth in skills relevant to value chain activities promoted through the Project's other project components, particularly Components two and three.

**23. Component 3 | Access to Nutrition and Sanitation Services (Total US\$ 45 million, of which IDA Contribution US\$ 31.5 million):** Component three aims to improve SHG women and SHG households' nutrition, hygiene, and sanitation practices and increase their access to and use of nutrition and sanitation services—made available through the Integrated Child Development Services (ICDS) and Swachh Bharat Mission (SBM) programs<sup>41</sup> of GoI and programs like Bihar Vikas Mission of Govt. of Bihar. The Project will implement a comprehensive nutrition and sanitation behavior change strategy and will converge its activities with on-going nutrition, sanitation, and hygiene government programs and World Bank operations in Bihar. Interventions under this component will adopt a two-track approach. The BRLPS team will select 100 blocks in which to intensively implement all proposed nutrition, and sanitation interventions. In the remaining 200 blocks, the Project team will implement only the BCC on nutrition and sanitation. The two project sub-components are as follows:

**24. Sub-Component 3.1: Communication for Nutrition and Sanitation Behavior Change:** The BRLPS will implement a comprehensive BCC program to increase SHG women's knowledge and practice of recommended nutrition, sanitation and hygiene behaviors. The objective is to improve their use of nutrition and sanitation services. The Project will also focus on dietary diversification at the household-level through linkages between nutrition and sanitation interventions and agriculture and livestock interventions—under component two—to enhance household dietary diversification. The BRLPS will take a layered approach by working with both households and CBOs. At the household-level, Community Professionals will hold direct consultations. At the SHG-level, Community Professionals will use participatory learning and action methods, behavioral nudges, and audio-visual tools. At the community-level, Community Professionals will organize community events using audio-visual tools.

**25. Sub-Component 3.2: Capacity and Institution Building for Convergence with Nutrition and Sanitation Services:** The BRLPS will adopt a structured approach for convergence, such as

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<sup>41</sup> Both the ICDS and SBM programs are supported by the World Bank and will be leveraged through this engagement.



partnerships with the Public Health Engineering Department (PHED) for supporting the Swachh Bharat Mission implementation, developing joint implementation plans with ICDS for joint-facilitation of community events, and strengthening existing convergence committees. The BRLPS will encourage its staff, relevant line ministries' staff, and field functionaries through results-based incentives to promote convergence and improved performance on nutrition and sanitation outcomes. To supplement entitlements under government nutrition and sanitation programs, the BRLPS will support SHG households through the Sanitation and Health (SHAN) fund. The SHAN fund will provide gap financing to households in need. A part of this fund will be earmarked for the Health Risk Fund (HRF).<sup>42</sup> Finally, a Food Security Fund (FSF) will be available—in the poorest project areas for SC and ST households—to mitigate household food security risks. The BRLPS will promote nutrition and sanitation social enterprises with a dual objective: first, of opening livelihood opportunities for local entrepreneurs; and second, of improving supply-side issues through village-level social enterprises focused on nutrition and sanitation services.

**26. Component 4 | Innovations, Partnerships and Technical Assistance (Total US\$ 15 million of which IDA Contribution US\$ 10.5 million):** Component four aims to (i) identify and pilot innovations relevant to the Project, including, though not limited to, new products, business models, and service delivery models; and (ii) build partnerships between BRLPS and private sector organizations, government partners, social enterprises, or development partners to improve BRLPS's implementation capacity and improve outcomes of investments made under component one, two, and three. This component will consist of two sub-components:

**27 Sub-Component 4.1 Innovations:** This sub-component will identify, develop, and pilot innovative intervention models. Forums and events with development partners and social enterprises may serve as a platform for seeking innovative business and service delivery models. Such models will address sectors relevant to Project: financial inclusion, livelihoods and value chain development, skills training, entrepreneurship development, and nutrition and sanitation.

**28. Sub-Component 4.2 Partnerships and Technical Assistance:** This sub-component focuses on partnerships between BRLPS and technical support organizations—including private sector agencies, social enterprises, relevant public sector agencies and producer organizations—with expertise in financial services delivery and livelihood sub-sectors.

**29. Component 5 | Project Management (Total US\$ 40 million of which IDA Contribution US\$ 28 million):** Component five facilitates the Project's overall coordination, planning, and implementation at the State, district, and block levels. This component will strengthen the BRLPS staff's implementation and technical capacity, and will finance (a) salaries of project staff, consultancies, training programs, office equipment, and operational costs; and (b) Monitoring, Learning, and Evaluation (MLE) systems, Management Information System (MIS), Financial Management, Procurement, Human Resource Management (HRM), Knowledge Management and Communication Systems, and Grievance Redressal Mechanism (GRM). The HRM system will be based on the BRLPS's renewed human resources strategy, which emphasizes outcomes based on staff's performance. The GRM will help BRLPS solicit feedback and grievances from Project's

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<sup>42</sup> The HRF provides financial support for out-of-pocket health expenses.

beneficiaries on the project's delivery and efficacy. Detailed description of project components is given in Annex-2.

## **B. Project Financing**

30. Investment Project Finance (IPF) will be the lending instrument for the Project. The Project's implementation period is six years.

### **Project Cost and Financing**

31. The total project cost is US\$ 415 million. The GoB's share is US\$ 125 million. IDA Credit of US\$ 290 million will cover the remainder of the project costs.

<b>Project Components</b>	<b>Project cost</b>	<b>IDA Financing</b>	<b>Trust Funds</b>	<b>Counterpart Funding</b>
Community Institutional Development	US\$115 million	US\$ 80 million		US\$ 35 million
Community Investment Funds	US\$ 200 Million	US\$ 140 million		US\$ 60 million
Access to Nutrition and Sanitation Services	US\$ 45 million	US\$ 31.5 million		US\$ 13.5 million
Innovations, Partnerships and Technical Assistance	US\$ 15 Million	US\$ 10.5 million		US\$ 4.5 million
Project Management	US\$ 40 million	US\$ 28 million		US\$ 12 million

## **C. Series of Project Objective and Phases (If Applicable)**

Not applicable.

## **D. Lessons Learned and Reflected in the Project Design**

32. The Project builds on lessons from the ten-year implementation of the BRLP and the NRLP in 25 districts and 179 blocks of Bihar and also draws on the lessons learnt through the World Bank's fifteen-year support of and technical engagement with similar projects in other countries (like the Sri Lanka's Community Development and Livelihood Improvement "GemiDiriya" Project and other States of India (like the rural development projects in Andhra Pradesh, Telangana, and Tamil Nadu). These lessons include the following: (i) Social and economic mobility of the rural poor,



particularly women, is enabled through promotion of thrift and savings. As a result, women can build financial capital, which allows them to become clients at formal financial institutions and access credit and financial services from insurance companies. (ii) SHG women, through the training they receive in bookkeeping, financial management, livelihoods enhancement, and accessing market information, acquire new skills that expand their self-employment opportunities. They can become entrepreneurs or avail job opportunities in rural and urban service sectors. As a result, their families are much more socially and economically mobile. (iii) Membership in SHGs and higher-level federations allow women, and in turn their households, to access productivity enhancing technology and value chains in agriculture and allied sectors. (iv) When women from poor households are empowered, particularly through membership in SHGs, their households get to participate and have a voice in local governance. This, in turn, builds a demand-side stimulus for improvement in last mile delivery of public health, nutrition, and sanitation services. (v) Professionally trained staff stationed at each tier of the project—State, district, and block—with clear job descriptions, organizational structure, and accountability measures deliver higher quality development outcomes.

33. The proposed project will mainstream two interventions; (i) value chain interventions and (ii) nutrition and sanitation. Both interventions have already been tested under the BRLP and NRLP, and have generated results in enhancing income and in accessing better needed services among the targeted households. Further, the design of these interventions will build on achievements and results of other similar Bank funded projects. For example, some of the key elements of the value chain intervention proposed under component 2 have been drawn from the successful experience of the Maharashtra Agriculture Competitiveness Project. These lessons include (i) mobilization and formalization of the producer organizations, (2) strengthening of their governance structure, (ii) strengthening partnership for technical assistance and facilitating private sector and other market linkages. Similarly, the nutrition and sanitation intervention under Component 3 draws the lessons from the World Bank-supported nutrition and sanitation projects and from health and sanitation projects in Bihar that have been successfully implemented by the Bill and Melinda Gates Foundation and the Department for International Development.

## IV. IMPLEMENTATION

### A. Institutional and Implementation Arrangements

34. **Implementing Agency:** The BRLPS, a registered society under the Department of Rural Development, GoB, is the implementing agency for the Project. In 2005, the BRLPS was created to be the Project Implementing Agency for the World Bank funded BRLP. In 2011, the BRLPS became the designated State Rural Livelihoods Mission responsible for implementing the NRLP and NRLM in Bihar.

35. **Organization Structure:** At the State level, the State Project Management Unit (SPMU) led by the CEO will manage overall implementation and coordination of the project. At the district-level, the project will be implemented by District Project Coordination Units (DPCUs), which are



already established in each of the 32 target districts. The SPMU and DPCUs have professionals with expertise in institution building, capacity building, social development, health and nutrition, sanitation, agriculture, livestock, non-farm sector, skills development, microfinance, communication, monitoring and evaluation, human resources development, and finance. Block-level implementation will be led by Block Project Implementation Units (BPIUs)—a small team of professionals with expertise in community mobilization, institution building, financial inclusion, and other relevant sectors. The BRLPS has established induction and training protocols for staff at the State, district and block level to strengthen staff capacity and equip them to meet implementation challenges

**36. Community Institutional Structures:** The BRLPS staff at the State, districts, and blocks provide support, facilitation, and project management services to women in SHGs, VOs, and CLFs. Community institutions of the poor are central to the implementation of the project and are supported by a team of strong Community Professionals and Community Resource Persons. The BRLPS team has developed training manuals and protocols for SHGs, VOs, CLFs, and Community Professionals and Community Resource Persons so as to build their capacity and improve program implementation. A detailed explanation of institutional and implementation arrangements is provided in Annex 3.

## B. Results Monitoring and Evaluation

37. The Project's MLE system will provide concurrent feedback to the project management and key stakeholders on the project's progress on results indicators. The results framework is attached in Annex 1. It includes one IDA Core Indicator and one Citizen Engagement Indicator. Key features of project MLE include monthly progress reports, regular reporting of progress to the project management, an independent evaluation of implementation comprising of baseline, annual household panel data, mid-term assessment and end-line assessment. At the State-level, accredited agencies will review the project's process monitoring system to track the quality of project implementation. An impact evaluation will assess changes in household income and economic status of beneficiaries as a result of project interventions. In addition, the project will conduct relevant thematic assessments, surveys, and evaluations required to better analyze the impact of the project.

38. Management Information Systems (MIS): The Project will build on the well-established MIS of BRLP and will expand its coverage horizontally and vertically. In the course of implementation, the project team will explore an IT-based mechanism of data entry and monitoring at the community-institution and village level.

## C. Sustainability

39. Sustainability of the Project will be measured at two levels: a) sustainability of community institutions established by the BRLPS beyond the life of the Project; and b) sustainability of the Project's model. Intensive capacity building is provided to CBOs throughout the Project period at



all levels—SHG, VO, and CLF—to ensure that they develop skills and resources to manage their functions. Community Professional and Community Resource Persons play a central role in this process. They train CBOs to build and strengthen their capacity. Over the Project period, CBOs and their Community Resource Professionals will gradually take on roles and functions of sub-block level staff of BRLPS staff. Such an approach ensures that CBOs remain functional beyond the Project period. Sustainability, in this case, also refers to community institution's financial sustainability—i.e. their ability to meet their expenses from their revenues.

40. The GoB has showed strong ownership over and commitment to the Project's approach and model. From BRLPS's work on the NREGS, it has demonstrated that the efficacy of government services improves when delivered through SHG platforms. BRLPS has signed Memorandums of Understanding (MoUs) with the Department of Social Welfare (which implements the ICDS) and Public Health Engineering Department (which implements the SBM). Such partnerships emphasize the central role the SHG model serves in the GoB's rural development strategy. Experiences from longer-term livelihoods projects in Andhra Pradesh, Tamil Nadu and Kerala—which have invested in creating similar institutional platforms—demonstrate the sustainability of the SHG model.

## V. KEY RISKS

### A. Overall Risk Rating and Explanation of Key Risks

41. Overall risk rating for achieving the PDO is **“moderate”** for a number of reasons. First, the technical design of the Project is identical to the World Bank-supported BRLP and NRLP, which have been successfully implemented in 25 districts and 179 blocks of Bihar. As a result, BRLPS has already developed detailed operations manual and protocols. Second, the implementing agency, the BRLPS, has been implementing BRLP over the last eight years and is well versed with the World Bank's fiduciary, safeguards, and procurement requirements. Critically, most of the key staff required at the State and district levels and project management systems —financial management, the procurement management, human resource management and the monitoring and evaluation—are already in place and have consistently received satisfactory or moderately satisfactory ratings from the World Bank. Third, the GoB, at its highest levels, is deeply committed to the Project's proposed approach and considers it central strategy for rural poverty reduction in Bihar. Fourth, the World Bank has supported several similar projects successfully in other States in India with evidenced results. Thus, the Project is a well-defined and proven project-design.

42. Risk ratings for all project dimensions are rated **“low”**; with the exception of Institutional Capacity for Implementation and Sustainability, Fiduciary, and Environment and Social Safeguards, which are rated **“moderate.”** Suggested mitigation measures include: (i) Institutional Capacity for Implementation and Sustainability: The BRLPS will ensure that lessons and operations protocols from BRLP and NRLP are incorporated into and implemented from the first day of the Project. In addition, Community Resource Persons from older 179 BRLP and NRLP





blocks will provide community-to-community learning in the Project's 300 blocks. Information Community Technology (ICT) will be used to disseminate Project's procedures and to capture outliers in data that tracks implementations progress (such that the BRLPS team can correct for such outliers). (ii) Fiduciary: Fund release to CBOs will be contingent on their financial performance and financial management (reporting). Indicators on CBOs' financial performance and management will be updated through MIS. With such data, the BRLPS can detect delays in CBO reporting and monitor CBOs' portfolio performance in real time. The BRLPS will expand its pool of CBO auditors to ensure timely and periodic audit of CBOs. (iii) Environment and Social: The BRLPS will ensure staff are in place at the State and district levels to monitor and ensure that the Project's interventions comply with the World Bank's safeguards requirements. The BRLPS will conduct a comprehensive mid-term review of its safeguards compliance. Lessons from the review will be incorporated into the Project's implementation.

## **VI. APPRAISAL SUMMARY**

### **A. Economic and Financial Analysis**

43. Impact assessments of the BRLP show that poor SHG-households benefit from: diversification of income sources, asset accumulation, access to finance and services, women's empowerment, and improvement in other socio-economic indicators. Apart from the empowerment of women, the Project's direct benefits will come from the economic activities SHG members undertake. The BRLPS will support SHG women toward economic activities that have viable market connections. The Project's indirect household-level benefits include: improvements in living conditions, improved nutrition, sanitation, and health, and higher economic productivity rates among SHG households. Thus, the Project will contribute to local economic growth through increase in poor households' aggregate income-levels. In turn, local and State level revenues may improve.

44. Because the Project is to be based on SHGs' demand-driven micro investment plans and POs' business plans, the economic analysis does not attempt to evaluate all project components for their quantifiable economic and financial returns. Based on existing data from BRLP and similar projects in India, analyses were undertaken to determine net benefits of few potential economic activities. Attention was given to the CIF, which comprises of US\$ 200 million or 48 percent of total project cost; around 50 percent of this fund is set aside for livelihood activities. Evaluation of the CIF is based on a financial viability analysis of some of the most commonly selected productive livelihood activities under the BRLP: backyard poultry, dairy, petty shop, and vegetable cultivation. Models for these activities are detailed in Annex 6. Each of these potential activities possessed a financial return within the range of 61 to 77 percent. Moreover, the Project is expected to contribute to improved social inclusion, and improved delivery of and access to government services and entitlements. It should be noted that the Project would lead to a wide array of social, institutional, and economic benefits, mostly long term, that are not easily quantifiable.

## B. Technical

45. The Project's proposed interventions have been extensively discussed and agreed upon with the BRLPS team, GoB officials, other stakeholders, and development partners. The proposed technical design is sound and built on lessons from the BRLP and other successful World-Bank-funded livelihoods and poverty reduction programs in India and Asia—the National Rural Livelihoods Project in India and the Philippines Rural Development Project. These projects confirm that a community-led approach (built on strong, self-managed and sustainable institutions) is effective for catalyzing socio-economic changes at the grassroots, providing rural households pathways out of poverty, and stimulating the rural economy. The Project builds on the BRLP's principles: a) demand-driven investments; b) community management of activities; c) targeting the poorest of the poor and involving the poor at all levels of CBOs; and d) financial efficiency and accountability. Existing BRLP and NRLP manuals and guidelines will be used for the Project. CBOs ensure the technical quality of livelihood investments by closely evaluating funding requests and supporting those activities familiar to SHG households. CBOs can procure technical assistance from the private and public organizations and NGOs. The BRLPS will explore and strengthen such partnerships. As with the BRLP, the BRLPS will seek independent process and field monitoring for the Project, to ensure that the implementation of interventions complies with the Project's core principles, standards, and manuals.

## C. Financial Management

46. Planning, Budgeting and Funds Flow: The Project's planning process—its Annual Work Plan (AWP)—will align with the GoB's annual budget cycle. The Project's AWP will be completed by February of each year. The BRLPS will periodically draw funds—as stipulated in the GoB budget—from the State treasury. The BRLPS will maintain separate Project-specific bank accounts at the State, district, and block level. DPCUs will transfer funds to CBOs (revolving, institutional development, and livelihood funds), after BPIUs have appraised and evaluated CBOs' request for funds.

47. Accounting Systems, Policies, and Internal Control Procedures: The BRLPS has an IT-based accounting system. SPMU (1), DPCUs (32), and BPIUs (300) will be spending units. Accounting centers will be at the SPMU and DPCUs. The BPIUs will work on an imprest basis and submit on a monthly basis, all the invoices and other supporting documents to their DPCU for accounting and reporting. The BRLPS's Financial Management Manual (FMM) has been updated to reflect lessons from the implementation of the BRLP. For revolving funds, CBOs will receive grants in tranches. Revolving funds that are transferred based on CBOs' achievement of agreed financial triggers, are considered expenditure in the BRLPS's books of accounts and will be reimbursed by the World Bank. Institutional development and livelihood grants are treated as advances and considered as expenditure after the BRLPS submits expenditure reports.

48. Financial Management and Oversight at Community-level: Oversight and financial management of CBOs is ensured through: (i) community procurement guidelines for procurement of common goods and services and a Procurement Committee in each VO/CLF/PO responsible





for procurement to ensure transparency in transactions; (ii) books of accounts for loan funds maintained on a regular basis by individual SHGs, VOs, CLFs, POs and any other CBOs and monthly financial reports submitted to the BRLPS; (iii) VO and SHG financial information physically displayed in CLFs' offices; (iv) at the SHG, VO and CLF all financial decisions will be recorded in the minute books and access of accounting records will be available to all members; (v) the MIS will capture the data from the CBOs' monthly reports to provide a dash board on CBOs' fund utilization, rotation and idle balances at each level; and (vi) executive summary of key findings of CBO audit will be placed in the CBO's EC/GB meeting.

49. External Audit: An external audit of the Project will be carried out by a private firm of chartered accountants, according to terms of reference (ToR) acceptable by the IDA. In addition, an audit report of the GoI's special account held will also be submitted. Annex 3 details the financial management arrangements for the Project.

## **D. Procurement**

50. Through the successful implementation of the BRLP and NRLP, BRLPS has established robust State and district level procurement management systems and supervision arrangements for community-level procurements. These systems will be leveraged and scaled across all 32 districts of the Project.

51. Procurement of goods and non-consulting services under the Project, and to be financed out of the proceeds of the Credit, shall be done in accordance with the requirements set forth or referred to in the "Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" (January 2011), updated in July 2014). Selection of consulting services under the Project, and to be financed out of the proceeds of the Credit, shall be done in accordance with the requirements set forth or referred to in the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers". The Project will not acquire any land nor will it construct any buildings. Annex-3 details the procurement management arrangements for the project.

## **E. Social (including Safeguards)**

52. The BRLPS has prepared a Social Management Framework (SMF) for the Project that includes strategies for gender and social inclusion, citizens' engagement, and a tribal development framework (TDF). The social safeguard trigger that applies to the Project is the Bank's operational policy on indigenous peoples (OP 4.10) since most of the Project's districts have some population of STs. While STs constitute around 1.3 percent of Bihar's population, about 15 project districts have rural tribal communities that are one to seven percent of the rural population. West Champaran, Katihar and Jamui districts have the highest rural ST population. In addition to ST households, an equally significant social inclusion priority is the social, financial, and economic inclusion of other excluded communities: SCs, Extremely Backward Castes (EBCs), Other Backward Castes (OBCs), minorities, and landless agricultural and seasonal laborers. In addition,



restrictive social and cultural norms on women's mobility and their participation in public institutions and commercial markets pose challenges to deepening and expanding women's social and economic empowerment. Investments supported by the Project do not involve any involuntary acquisition of private lands or public lands with squatters.

52. To address these social inclusion, tribal development, and gender priorities, the BRLPS has updated the existing Social Assessment and TDF of the ongoing BRLP based on i) lessons learnt from its long-standing institutional experience of working closely with traditionally marginalized groups such as SC, ST, EBC and minority households; ii) experience with implementation of social safeguard and social development plans and frameworks; and iii) beneficiary and stakeholder consultations in new project areas, including tribal areas. The BRLPS's Social Unit is well staffed with project managers at State and district levels. The team works closely with other project teams focused on health, nutrition, sanitation, and social protection interventions. The Project will use this pre-existing institutional expertise to implement gender, inclusion and social safeguard strategies in target villages. The TDF includes provisions for i) screening, identification and profiling of tribal and non-tribal target households in project villages; ii) preparation of short, area specific Tribal Development Plans (TDPs); iii) holding informed consultations and documenting broad community support in predominantly tribal villages; iv) undertaking socially and culturally compatible social outreach, mobilization, and institution building interventions; v) undertaking tribal-focused livelihood and capacity building programs identified through TDPs; v) systematic tracking of inclusion indicators with respect to tribal communities. SMF/TDF was disclosed through the Bank's Infoshop and locally on April 14, 2016.

53. The Project's Citizen's Engagement (CE) strategy includes: continuing with the well-established beneficiary feedback mechanism, which has evolved under the BRLP. The rural poor participants in the Project will continue to participate in the planning, implementation, and monitoring of credit, vulnerability reduction, and livelihood interventions. Under the Project, communities will significantly expand their engagement with services and service providers for health and nutrition, and water and sanitation. They will be participating in the WASH-related committees, village micro-planning and monitoring of these services. "Community Score Cards" are to be used to assess the community's level of satisfaction with these services. The Project will further strengthen the existing "Grievance Redressal Mechanism" that is to be rolled out in all the targeted districts. The Project will continue to ensure the disclosure of information at the community level. The Project's results framework includes an indicator on CE.

## **F. Environment (including Safeguards)**

54. The Project is classified as Environmental Category 'B' as the productivity enhancement activities in agriculture and livestock, processing activities under value chains, small enterprises, nutrition, and sanitation interventions may have some negative impacts on environment. While the activities are at a small scale with relatively low environment impacts, cumulatively these impacts may lead to a larger environmental footprint.

55. To mitigate potential negative environmental impacts, the BRLPS has developed an Environmental Management Framework (EMF). The EMF strategy is 'greening the project

interventions' by streamlining activity-specific environment guidelines into productivity enhancement activities, value chains, enterprises, health, nutrition, and sanitation, and renewable energy interventions. In addition, green business opportunities will be explored. The EMF draws on experiences from BRLP, in which sustainable environment management interventions like System of Rice Intensification (SRI), Zero Budget Natural Farming (ZBNF), Participatory Varietal Selection and Promotion (PVSP), and renewable energy interventions were promoted at a considerable scale.

56. The EMF details a set of guidelines, systems, and procedures for ensuring environmental sustainability of the activities proposed under different project components. EMF provides templates for the preparation of the Environmental Management Plans (EMP), which will be prepared by the BRLPS, CBOs or POs. The EMF also details the capacity building, monitoring and institutional arrangements to ensure that safeguard issues are adequately addressed and environmental guidelines are effectively integrated into the Project's components. EMF was disclosed through the Bank's Infoshop and locally on April 14, 2016. And the subprojects' EMPs will be consulted and disclosed by BRLPS, CBOs or POs, prior to their implementation

57. Green House Gas (GHG) analysis for the Project was carried out which quantifies the net carbon balance that is GHGs emitted or sequestered as a result of the project compared to a counterfactual scenario, without the project. The Project is likely to have a net positive impact on carbon sequestration with a carbon sink of - 33,310,237 ton CO<sub>2</sub>-equivalent over the next twenty-four years. This is primarily led by the conversion of flooded rice areas to other crops, demonstration of good resilient agricultural practices such as soil nutrient management, energy-efficient water saving irrigation systems, targeted fertilization, and Integrated Pest Management approaches.

58. Climate Change and Disaster Screening was conducted for short and long-term climate change and disaster risks. The key drivers of climate risks are: (i) Extreme Temperature (ii) Extreme precipitation and Flooding and (iii) Drought. The risk for all the above drivers are rated as "moderate". The above risks could impact the activities to be undertaken as part of sub component on Value Chain Development under the Component 2. To address these risks, appropriate resilient measures like the use of resistant cultivars, capacity building of CBOs and POs on adaptive crop planning and strengthening the delivery of last mile extension services around the above issues would be undertaken under the project.

## **G. Other Safeguards Policies Triggered (if required)**

Not applicable.

## **H. World Bank Grievance Redress**

59. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's



Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).



## Annex 1: Results Framework and Monitoring

### Results Framework

**COUNTRY : India**

**Bihar Transformative Development Project**

### Project Development Objectives

The PDO is to diversify and enhance household-level incomes and improve access to and use of nutrition and sanitation services among targeted households.

### Project Development Objective Indicators

Indicator Name	Baseline	Cumulative Target Values						End Target
		YR1	YR2	YR3	YR4	YR5	YR6	
% of SHG households that have at least one additional source of income	0			10			20	20
% of SHG households that have increased their incomes by at least 30%	0			15			30	30
% Increase in children aged 6-23 months with minimum dietary diversity among the targeted SHG members	0			10			20.	20
Reduction in prevalence of open defecation among the targeted SHG members (number)	0	50,000	100,000	200,000	300,000	400,000	500,000	500,000
Direct project beneficiaries	0	100,0000	2,000,000	3,000,000	4,000,000	5,000,000	5,000,000	5,000,000



% of women from SC/ST households mobilized into SHGs in the project blocks	0	20	40	50	60	70	70	70
% of Female beneficiaries	0	90	90	90	90	90	90	90

### Intermediate Results Indicators

Indicator Name	Baseline	YR1	YR2	YR3	Cumulative Target Values			End Target
					YR4	YR5	YR6	
Number of SHGs supported through the project	0	200,000	300,000	400,000	450,000	450,000	450,000	450,000
% of SHGs that have been federated into Village Organizations	0	30	50	60	70	80	80	80
Number of Small and marginal producers organized into Producer Organizations (PGs/PCs)	0	100,000	200,000	200,000	500,000	500,000	500,000	500,000
Cumulative savings mobilized by the SHGs (USD)	0	3,000,000	7,000,000	12,000,000	18,000,000	25,000,000	35,000,000	35,000,000
Cummulative credit mobilized from formal financial institutions through project support (USD)	0	70,000,000	220,000,000	350,000,000	500,000,000	650,000,000	800,000,000	800,000,000
Number of SHG members covered under Insurance services	0	200,000	400,000	650,000	1,00,000	1,300,000	1,700,000	1,700,000
Number of households that are part of value chain interventions in the farm sector	0	75,000	160,000	340,000	500,000	500,000	500,000	500,000
Number of targeted non-farm enterprises/ non-farm producer	0			300	400	500	600	600



organizations reporting 20% increase in revenue after 2 years of support from the project								
Number of youth placed or self employed	0	5000	10,000	25,000	40,000	50,000	50,000	50,000
Number of SHG members reached by project nutrition and sanitation BCC services	0	150,000	300,000	500,000	700,000	1,000,000	1,200,000	1,200,000
% Increase of targeted SHG women that report minimum dietary diversity	0			10			20	20
Number of targeted SHG members that have access to the support from SBM program	0	50,000	125,000	225,000	325,000	375,000	400,000	400,000
Number of Partnerships	0	3	5	10	15	15	15	15
Number of SHG members accessing JDY services facilitated by the project.	0	50,000	100,000	200,000	300,000	400,000	500,000	500,000
Project Monitoring, Evaluation and Learning (M,E&L) System rolled out	No	Yes (Baseline)	Yes (Process Monitoring)	Yes (MTR)				Yes (Endline)
% of Complaints and grievances received by the project that are recorded, addressed satisfactorily and the actions documented through the established grievance redressal mechanism	0	20	30	40	50	60	60	60



## Indicator Description

### Project Development Objective Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
% of SHG households that have at least one additional source of income	This indicator captures the diversification of the income that shall take place at the household level during the project period. The mid-term and the end term surveys will measure the proportion of households that report one or more additional sources of income compared to the baseline.	Baseline/Mid Term/EOP	Household survey	BRLPS supported by technical partners
% of SHG households that have increased their incomes by at least 30%	This indicator captures the increase in income that shall take place at the household level during the project period. The mid-term and the end term surveys will measure the proportion of households that report an increase in their total income compared to the baseline.	Baseline/Mid Term/EOP	Household survey	BRLPS supported by technical partners





% Increase in children aged 6-23 months with minimum dietary diversity among the targeted SHG members	Baseline assessments will determine the baseline value of the household food basket. Targeted SHGs in 100 blocks where intensive interventions for nutrition and sanitation will be implemented. Minimum dietary diversity is defined as consumption of at least 4 food groups per day.	Baseline/Mid Term/EOP	Household Survey	BRLPS supported by technical partners
Reduction in prevalence of open defecation among the targeted SHG members (number)	Baseline assessments will determine the baseline value of the number of cases of open defecation among targeted SHG members which are in 100 blocks where intensive interventions for nutrition and sanitation will be implemented. The number will be tracked at mid term and EOP.	Baseline/Mid Term/EOP	Household Survey	Implementing agency supported by technical partners
Direct project beneficiaries	Direct beneficiaries are people or groups who directly derive benefits from an intervention (i.e., children who benefit from an immunization program;			



	<p>families that have a new piped water connection). Please note that this indicator requires supplemental information. Supplemental Value: Female beneficiaries (percentage). Based on the assessment and definition of direct project beneficiaries, specify what proportion of the direct project beneficiaries are female. This indicator is calculated as a percentage.</p>			
% of women from SC/ST households mobilized into SHGs in the project blocks	% of women from SC/ST households who have become SHG members in the project blocks. Baseline value is zero. Universe is the total number of SC/ST households in the project area.	Monthly	MIS	Implementing agency supported by technical partners
% of Female beneficiaries	Based on the assessment and definition of direct project beneficiaries, specify what percentage of the beneficiaries are female.	Monthly	MIS	Implementing agency



## Intermediate Results Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Number of SHGs supported through the project	The indicator measures those SHGs (including pre-existing SHGs) that the project has provided training and capacity building (those that have received the basic SHG training modules). Baseline is zero, and the indicator will be tracked on a monthly basis through project MIS	Monthly	Project MIS	BRLPS
% of SHGs that have been federated into Village Organizations	The village organisation is the federation of SHGs at the village level and the indicator measures that proportion of SHGs that have been federated into VOs. Baseline is zero, and the indicator will be tracked monthly through project MIS	Monthly	Project MIS	BRLPS
Number of Small and marginal producers	This indicators measures the number of small and	Monthly	Project MIS	BRLPS



organized into Producer Organizations (PGs/PCs)	marginal producers that have been organized into informal or formal producer groups and/or producer companies during the project period. Baseline is zero, and the indicator will be tracked monthly through project MIS.			
Cumulative savings mobilized by the SHGs (USD)	The members of SHGs save some amount on a regular basis in the SHG. This indicator will measure the amount of savings that are accumulated in the SHG over the project period. Baseline is zero, and the indicator will be tracked monthly through project MIS.	Monthly	Project MIS	BRLPS
Cummulative credit mobilized from formal financial institutions through project support (USD)	This indicator captures the cumulative credit linkage accrued to the SHGs supported under the project. Baseline is zero, and the indicator will be tracked monthly through project MIS	Monthly	Project MIS	BRLPS



Number of SHG members covered under Insurance services	The indicator captures those SHG members that have availed insurance service facilitated by the project (government sponsored or those provided by the private sector) at least once during the project period.	Quarterly	Project MIS	BRLPS
Number of households that are part of value chain interventions in the farm sector	Value chain interventions are defined as those that facilitate access to better inputs, better technology and access to markets. Baseline is zero, and the indicator will be tracked monthly through project MIS.	Monthly	Project MIS	BRLPS
Number of targeted non-farm enterprises/ non-farm producer organizations reporting 20% increase in revenue after 2 years of support from the project	The indicator captures those enterprises (both individual and group) as well as producer organizations in the non-farm sector that are being supported by the project. Revenue will be reported only after 2 years of their establishment. Baseline is zero, and the indicator will	Monthly	Project MIS	BRLPS



	be tracked monthly through project MIS.			
Number of youth placed or self employed	The indicator captures those youth that have been placed (either directly through project support or through convergence with other government programs facilitated by the project). Baseline is zero, and the indicator will be tracked monthly through project MIS.	Half yearly	Project MIS	BRLPS
Number of SHG members reached by project nutrition and sanitation BCC services	This indicator captures those SHG members that have received at least one module of the BCC services provided by the project during the entire project period. The universe for this indicator will include all the 300 project blocks. Baseline is zero, and the indicator will be tracked monthly through project MIS.	Monthly	Project MIS	BRLPS
% Increase of targeted SHG women that report minimum	Targeted SHG women in the 100 intensive blocks who have received BCC	Mid-term and End of project	Thematic surveys	BRLPS



dietary diversity	services and are covered under the backyard poultry or kitchen gardening initiative. Furthermore the SHG members for whom the measurement will be undertaken are those that are aged between 15–49 years of age. The minimum dietary diversity is defined as consumption of at least 5 out of 10 defined food groups the previous day or night.			
Number of targeted SHG members that have access to the support from SBM program	The indicator captures those SHG members that have benefitted from the government support through the SBM program. The Targeted SHG women would be in the 100 blocks where intensive interventions for nutrition and sanitation, especially the convergence with the SBM program will be implemented.	Monthly	Project MIS	BRLPS
Number of Partnerships	Baseline is zero, and the indicator will be tracked	Annual	Project MIS	BRLPS



	annually through project MIS. These partnerships include those established across farm, non-farm, skills, nutrition, sanitation and Financial inclusion sectors.			
Number of SHG members accessing JDY services facilitated by the project.	This indicator captures those SHG members that will be facilitated access to the government sponsored JDY scheme through project support.	Monthly	Project MIS	BRLPS
Project Monitoring, Evaluation and Learning (M,E&L) System rolled out	This is a qualitative indicator. The project has established milestones for each year, including; Baseline completed in Year 1; Process Monitoring in Year 2; MTR in year 3; Endline in Year 6.		Process Monitoring	External agency
% of Complaints and grievances received by the project that are recorded, addressed satisfactorily and the actions documented through the	GRM will be strengthened and will be able to record and track all grievances and feedback.	Annual	Project MIS	BRLPS





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established grievance  
redressal mechanism

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## Annex 2: Detailed Project Description

### COUNTRY : India Bihar Transformative Development Project

**1. Component 1 | Community Institutional Development (Total US\$ 115 Million | IDA Contribution: US\$ 80 million):** The objective of this component is to expand the formation of strong and sustainable self-help groups of women, higher federations of self-help groups (SHGs) at the village and cluster levels, and farmer producer organizations (FPOs). The objective of this activity is to support the development of 450,000 SHGs of poor women from nearly 5,000,000 women. A majority of them would be belonging to the SC, ST, OBC, EBC and minority communities. In addition, existing SHGs will be federated into approximately 30,000 VOs and 700 CLFs.

2. The Project would help build the capacity of these community institutions for undertaking financial intermediation, develop linkages with financial services providers and commercial banks, undertake productive enhancement activities in agriculture and livestock sector and work closely with the local government and the government line departments to enable access to various services and entitlements available through the government. This component will finance the placement of project teams at the block and sub-block levels that will identify and train resource persons from the community in order to undertake the mobilization and capacity building at the village level. The Project will also invest in developing a cadre of good quality Community Professionals (include community managed bookkeepers, village resource persons, last mile agriculture extension workers, and other functionaries) and Community Resource Persons. This will also invest on information, education and communications support, including awareness building programs and campaigns in villages on issues affecting social and/or economic activities of interest to rural poor. The Project will also leverage the resources developed in the BRLP, in terms of Community Resource Persons and Community Professionals. These trained Community Resource Persons will be instrumental in formation and nurturing of community institutions in the Project. The component will consist of two specific sub-components, described below.

**3. Sub-Component 1.1: Development of Self Help Groups and their Federation:** This sub-component would be implemented in a phased manner. The first phase will involve strengthening and building vibrant and self-managed primary institutions of poor women into SHGs focused on internal thrift and revolution of savings. There will be special focus on households belonging to the SC, ST, OBC, EBC and minority communities. During the second phase, the primary level SHGs will be federated at the village level to form Village Organizations (VOs), which will be provided with project investments for livelihood activities, following a participatory micro planning process. During the third phase, VOs will be federated into higher-level community organizations at the block or cluster level. These Cluster Level Federations (CLFs) will be responsible for supporting the management and strengthening of the VOs and SHGs in the cluster. The CLF will ensure efficient rotation of funds at all levels and also support the leveraging of funds from the banking institutions.



4. Specific training and capacity building modules as detailed in the community operations manual (COM) will be delivered at fixed time intervals at the SHG, VO and CLF level. Capacity building inputs will also be provided to the Community Professionals and Community Resource Persons who are from the same village and work closely with the community institutions. In a sequenced manner, it is proposed that over the Project period the sub block level functions managed by project staff is handed over to community-based organizations and their Community Resource Persons who take on many of the roles of the frontline staff. Through the above approach, it is systematically ensured that the community institutions have the capacity and the functionaries to last beyond the Project period

5. A critical part of the training is to ensure that the community institutions develop specific capacity in terms of undertaking financial intermediation and also enable direct linkages with financial service providers, including commercial banks. The activities which could be supported include a) institutionalizing robust financial systems in SHGs, VOs and CLFs to help them manage microfinance processes; b) training and capacity building on Micro plans which is the basis for accessing both bank finance and CIF; c) developing and adopting quality monitoring protocols like rating of SHGs and VOs not only to enhance confidence of partner banks/ microfinance institutions but also to provide inputs to capacity building activities, d) Capacity building to deliver productivity enhancement activities in agriculture and livestock sectors.

6. Appropriate linkages with the Panchayati Raj Institutions (PRIs) will be developed with the objective of enabling enhanced access of the poor to large social protection programs like PDS, pensions, ICDS, **National Rural Employment Guarantee Scheme (NREGS)**, etc. to be effectively targeted and inclusive of the poor. This will be complemented by investment in social accountability mechanisms that enable the poor and their organizations to demand and access better quality public services and entitlements.

**7. Sub-Component 1.2 Development of Producer Organizations:** This sub-component will support the mobilization of those women from SHG households that already have access to some basic financial services and productivity enhancement services into POs, which include PCs and PGs, in specific commodity clusters (based on the commercial potential and economies of scale) across agriculture, livestock and the non-farm sub-sectors. The key objective is to invest significantly in these POs for their business plans and capacitating them to build linkages with the market enables significant increase in agricultural income. These investments should include access to extension services, financial services, and technology and market access opportunities. The above approach creates favorable conditions and incentives for buyers and small holders to establish mutually beneficial relationships by ensuring consistent production of a particular quality, delivered reliably. It thus enables small and marginal farmers to overcome market barriers and gain stability through consistent and higher prices while buyers receive consistent supply of goods of a particular quality.

8. The proposed project will support strengthening the organizational capabilities of these POs in livelihood promotion, developing linkages with service providers including commercial banks and

building knowledge base and skills at the grassroots by developing a cadre of paraprofessionals. In addition, POs (producer groups and Producer Companies) will be supported through customized training for village and block level management of enterprises, franchise management, quality enhancement and value addition. The Project will support linkages between these POs to the commercial sector. Given the delicate social condition and the poor economic status of even the non-poor, an effort will be made to make these POs inclusive of the non-poor to encourage social cohesion. The POs at the village level will be organized around an anchor commodity even while working on farming system covering both *kharif* and *rabi* crops. POs will be focused on high value commodities such as maize, vegetables, milk, poultry, honey, and handicrafts. These groups will facilitate input supply, technology, extension, crop/weather advisory, market information and output marketing services for their producer members. It will also include community-based productivity enhancement systems, including developing scientific package of practices founded on the Community Managed Sustainable Agriculture and organic agriculture techniques. The producer organizations will set up farmer field schools, undertake front line demonstrations, support demonstration plots and develop a cadre of community extension workers and paraprofessionals. Digital platforms like Digital Green, Agromet, and Reuters Market light will be leveraged for delivering knowledge and advisory services to the member producers.

**9. Component 2 | Community Investment Funds (Total US\$ 200 Million | IDA Contribution: US\$ 140 million):** The objective of this component is (a) to provide financing to SHGs, VOs and Cluster level Federations to catalyze larger investments from the commercial banks/other financial institutions and to enable them to support investments in a range of livelihood activities<sup>43</sup> outlined in their respective micro investment plans; and (b) to enhance and diversify incomes by undertaking interventions across the value chain (including input services, productivity enhancement, business development services, and value-addition and market linkage) in farm and nonfarm sectors. c) To diversify sources of income of households through skills training and job placements of eligible youth from SHG household and through entrepreneurship growth among SHG households. The expected outcomes are – a) increased assets both at the community and household level; b) increase and/or diversification of household income sources; c) increase in household income of the Project beneficiaries; d) reduced dependence on high cost debts by way of accessing credit from both community institutions (SHGs and VOs) and formal financial institutions; and e) reducing vulnerability to social risks. Institutional mechanism is described in Figure 1. There are three main sub-components under this component:

**10. Sub-Component 2.1: Community Investment:** This sub-component will support the financing of SHGs, Village Organizations and Cluster level federations towards livelihood activities outlined in the micro-investment plans. The focus is on financing catalytic investments at the SHG level and higher-level federations with the primary objective of enabling larger inflow of institutional credit from formal financial institutions. The funds will be transferred to the Cluster Level Federations and the Village Organizations (VO) which will be used as a revolving fund to support the SHGs in the villages. The SHGs will leverage the community investment funds to mobilize additional funds from formal financial institutions via the SHG-Bank Linkage. In addition, the

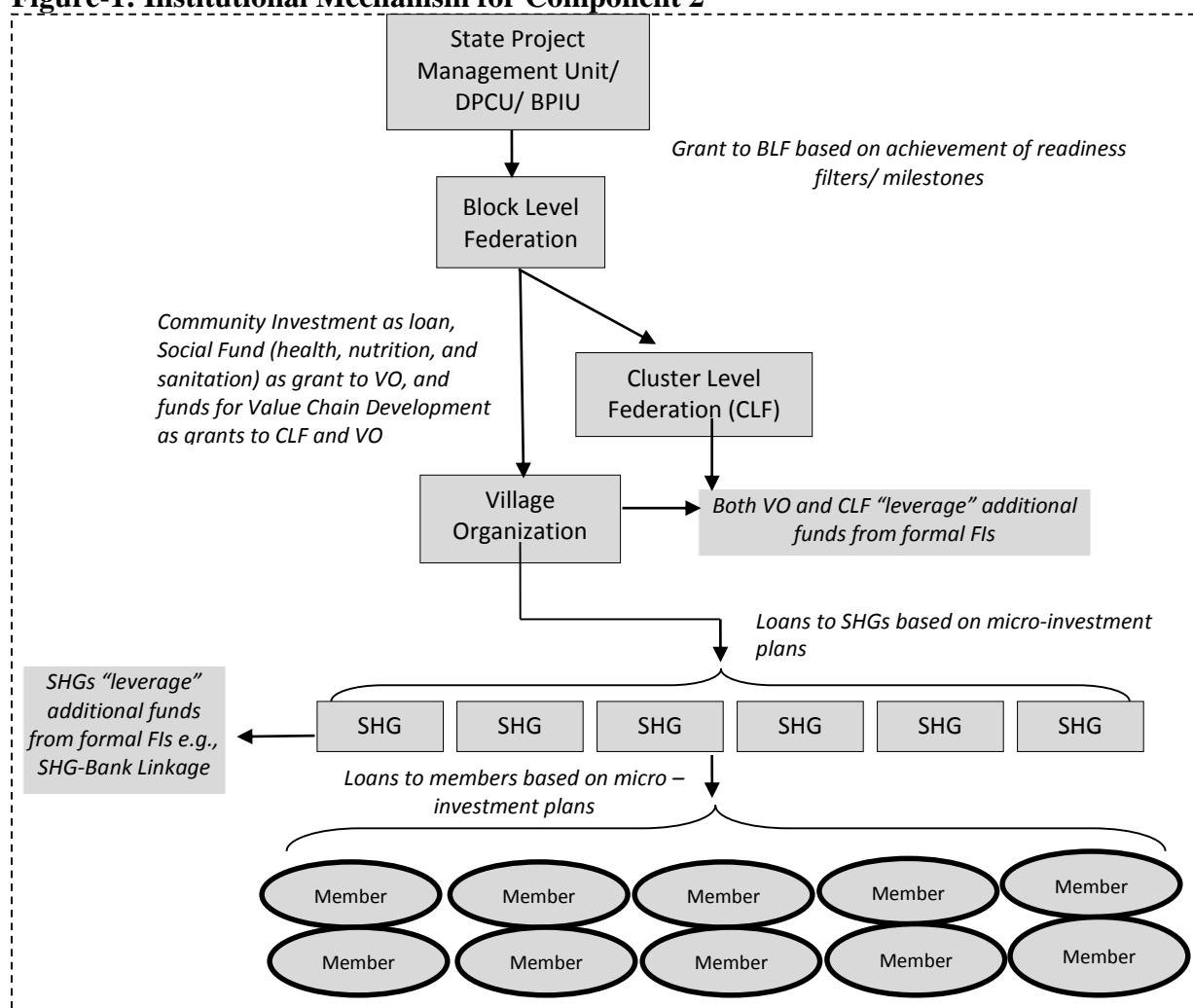
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<sup>43</sup> These activities include agriculture productivity enhancement, productivity enhancement in agriculture and livestock sectors, nonfarm activities, specific skill development activities, health, nutrition and sanitation related activities among others.

sub-component will support micro-entrepreneurs/SHG members to access and/or leverage financing from government sponsored programs like the Pradhan Mantri Mudra Yojana, and Pradhan Mantri Jan Dhan Yojana. Investments made under this sub-component will be based on micro-investment plans prepared by the SHGs/SHG Members.

11. The sub-component will also support and finance activities related to insurance and pensions, with the objective of reducing risk and vulnerability of SHG households. Key activities which could be supported includes a) accessing various government sponsored insurance and pension products – Pradhan Mantri Jeevan Jyoti & Suraksha Bima Yojana and Atal Pension Yojana under the Pradhan Mantri Jan Dhan Yojana, Pradhan Mantri Fasal Bima Yojana and Livestock Insurance; b) identification and training of woman outreach workers as insurance and claims management agents; and c) ICT investments.

**Figure-1: Institutional Mechanism for Component 2**





**12. Sub-component 2.2. Value Chain Development:** Under the farm sector, the Project will adopt a two-track approach. Under the first track the Project will undertake productivity enhancement activities including the delivery of community based extension services, facilitating the use of improved varieties of seed and promotion of modern technologies like the use of direct seeded rice, the use of zero tillage initiative in wheat and pulses, use of improved seed varieties and promotion of integrated nutrient management and integrated pest management initiatives in crops like rice, wheat and pulses that are extensively grown by a large majority of the SHG households. In addition, interventions will use climate resilient agriculture practices, various crop intensification systems, diversification from flooded rice to less water demanding crops, reduction of diesel pumps and efficient irrigation systems. These initiatives will be undertaken leveraging upon both the VO and the producer organization (wherever applicable) platform. Nearly 600,000 SHG households would be covered under this track.

13. As part of the second track, value chain initiatives in specific clusters around commercial crops like maize and vegetables and livestock sub sectors like dairy, poultry and goaterly will be undertaken. As part of these initiatives, the POs will serve as institutional platforms through which a range of interventions across the value chain— like access to good quality inputs, provision of weather based agro advisory, market information, access to finance including insurance, extension services, pricing norms, grading and sorting, storage and warehousing and access to markets— will be implemented. Nearly 15 producer companies and 1500 producer groups mobilized from 150,000 SHG households would be covered as part of the agriculture sector. In terms of the livestock sub sector, a range of activities like the organization of regular and periodic animal health awareness camps, ensuring regular vaccination, de-worming at door step, promoting the use of artificial insemination in dairy and goat rearing, promotion of collective input purchase and collective marketing using the PO platform will be undertaken. Nearly 10 producer companies and 1500 producer groups mobilized from 350,000 households will be covered under the livestock sub sector. The project will undertake convergence with other similar initiatives being implemented by the Government of Bihar including those under the agriculture component of Bihar Kosi Basin development project.

14. As part of the non- farm sector, the focus of the interventions would be on six non-farm sub-sectors: rural creative industries, rural home-based industries, rural retail, rural hospitality, rural services, and rural transportation. All non-farm interventions will be guided by a strong end-to-end value chain approach in identified non-farm sectors. Project interventions will be supported through a network of business incubators (sector specific centers of excellence located in academic institutions) and Business Resource Centers (BRCs) at the block-level to provide business planning and support services to project-supported Producer Organizations and micro-enterprises. It is expected that nearly 100,000 poor rural households will be covered under the intervention. The project will prioritize the inclusion of the poorest of households— from the lowest forty percent of the population—in its non-farm value chain interventions.

**15. Institutional Arrangements:** The implementation arrangement at the State level includes dedicated verticals for agriculture, livestock and the non- farm sector headed by the respective State Project Managers (SPM- Farm, SPM- Off farm and SPM-non-farm). The verticals at the



State level are supported at the district level by separate and dedicated managers for agriculture, livestock and non -farm sectors. At the block level, the project has a livelihood specialist who will be responsible for the implementation of the programs at the block level. In addition, the project will have dedicated Community Professionals who will work closely with the CBOs and the POs to implement the above initiatives.

**16. Sub-component 2.3. Skills Training and Entrepreneurship Development:** This sub-component will focus on mobilizing youth from poor households, linking them to quality skills training provision and providing hand-holding support to help achieve sustainable employment outcomes. Activities supported by this sub-component will include conducting skills mapping exercise that will make mid-term projections of growth sectors and centers and will estimate demand against supply gaps in skilled manpower. This exercise will also factor in the requirements that would be generated by economic growth triggers being set by the project through value-chain developments in various livelihood themes that will need specialized skilled manpower in trades which the current skills training framework may not offer. Guided by such projections, the project would undertake stakeholder engagement and partnerships with training providers for trades in demand outside the State and those relevant in Bihar's context. In addition, this sub-component continues to link with community institutions promoted by the project to mobilize poor youth and connect them to training provision; develop partnerships with employers and industry associations for inputs into program design and for post-training placements; and post-placement support activities. This sub-component will provide for scaling the project's flagship project, Bihar Migration Resource Centre by creating more such centers in metros supported by back-end service centers in districts that will work to convert distress migration to planned migration. These services will include targeted loan products, emergency assistance in destination areas to support transition to employment and an integrated web-based Labour Migration Information Service. This subcomponent will also focus on entrepreneurship development with the objective of promoting entrepreneurs and building functional capacity along value chains in the focus sub-sectors under Components 2 and 3.

**17. Institutional Arrangements:** The implementation of the skills intervention at the State level will be led by the State Project Manager (jobs) and will include a project manager, young professionals and project associates. At the district level, Manager (Jobs) will anchor the implementation. The district level manager will be supported by Community Professionals namely the Job Resource Persons at the block and sub block level. The Job Resource Persons are primarily responsible for mobilization and counseling of youth.

18. The State Team would be responsible for developing Annual Training Plans, based on funds and training allocations mobilized through existing schemes; employer outreach efforts; and partnerships entered into for developing training capacity in selected value chains. These Annual Training Plans will be translated into District Training Plans that lays out focus geographies and implementation plans for the year within the district. Data on eligible youth from project locations will be collected as a part of the mobilization efforts at the village level. This data will feed into the District Training Plans and provide the basis from mobilization of youth by Job Resource Persons.



19. The CBOs, especially the VO and CLFs will play a key role in mobilization and counseling of the youth as part of the skills intervention. Thus the skills intervention will be embedded within the overall framework of community institutions developed by the project.

**20. Component 3 | Access to Nutrition and Sanitation Services (Total US\$ 45 million | IDA Contribution US\$ 31.5 million):** The primary objective of this component is to improve nutrition, hygiene and sanitation practices and increase access and utilization of nutrition and sanitation services available through the ICDS, Health and SBM programs<sup>44</sup> among targeted households. It aims to achieve this objective by implementing a comprehensive health, nutrition and sanitation (HNS) behavior change strategy to create awareness and support households and communities adopt recommended HNS practices and working in convergence with the related government programs to facilitate improved access of nutrition and sanitation services by households and communities. Activities supported under this component are outlined in two sub-components, as described below:

**21. Sub-component 3.1. Communication for Nutrition and Sanitation Behavior Change:** A comprehensive behavior change communication strategy will be implemented to increase knowledge and practice of recommended health, nutrition, sanitation and hygiene behaviors and improve the uptake of nutrition and sanitation services. Such a convergent BCC approach, which focuses on both nutrition and WASH<sup>45</sup>, is expected to contribute significantly to the improvement of maternal and child health and nutrition outcomes in the State. For nutrition the focus will be on behaviors in the critical 1000-day period (from pregnancy to 2 years of age), covering issues such as early registration of pregnancy, ante and postnatal check-ups, identification of high-risk pregnancies, maternal nutrition, birth spacing, institutional delivery, birth registration, early initiation and exclusive breastfeeding, infant and young child feeding practices and immunization. For sanitation, the focus will be on the practice of open defecation by the women, their children and household members, hygiene practices during at-birth, baby care, menstrual hygiene, handwashing and cooking hygiene at home/at institutions, water purification and storage practices by the target households and solid waste management. In addition, focus will be placed on dietary diversification at the household level through promotion of kitchen gardens and backyard poultry, coupled with intensive counselling and food demonstrations for improving the quality of food consumed in the household.

22. A layered approach to BCC will be undertaken, wherein different mediums will be used to nudge, encourage and support behavior change among different stakeholders at different levels. At the household level, BCC interventions will be rolled out through targeted household visits and inter-personal counselling by the Jeevika community cadre; at the SHG level, participatory

<sup>44</sup> Both the ICDS and SBM programs are supported by the World Bank and will be leveraged through this engagement.

<sup>45</sup> Water, sanitation and hygiene (WASH) improvements have been shown to consistently result in better health and nutrition outcomes, as measured by reduced incidence of diarrhea, reduction in parasitic infections, increased child growth, and reduced morbidity and mortality.





learning methods<sup>46</sup> and ‘behavioral nudges’<sup>47</sup> using community videos, picture-cards, games, role-play and story-telling will be used to encourage discussions on key HNS issues during monthly meetings; and at the community level, community events, kala jathas (folk theater, street plays), youth actions, children’s led campaign for WASH and audio-visual shows etc. will be used to create awareness and generate a supportive environment for HNS behavior change. Wherever possible, service providers and frontline workers such as Accredited Social and Health Activist, auxiliary nurse and mid-wife, Anganwadi workers, etc. will be involved and encouraged to participate in these events. JEEViKA Community Mobilisers (CMs), VO and the VO Health Sub-Committee (HSC) with handholding support from the State, district and block level project staff and technical support from technical partners<sup>48</sup> will be instrumental in delivering these interventions. Behavior tracking surveys will be undertaken periodically to assess change in behaviors, contributing to improvement in the BCC strategy, tools and interventions. Exposure visits and best practice sharing workshops will also be used effectively to transfer knowledge and improve implementation.

23. Investments under this component will primarily be on development, production and printing of relevant communication material and facilitation modules, capacity building of Jeevika community cadre and staff to facilitate quality roll out of BCC interventions, operating costs for conducting community events and other BCC interventions, honorarium for community mobilisers; and learning workshops and exposure visits.

**24. Sub-component 3.2. Capacity and Institution Building for Convergence with Nutrition and Sanitation Services:** The strong institutional platform of women’s Self Help Groups (SHGs) and their federations are ideally placed to facilitate household access and use of services and entitlements related to health, nutrition and sanitation which can strengthen household health and consequently household economy. As improving access would require convergence with related service providers, efforts will be made under this sub-component to bring service providers closer to the community and vice versa. To begin with, structured convergence arrangements, such as convergence committees, will be strengthened to facilitate joint actions at the district, block and community level. The project will support the development of effective monitoring and supervision tools to make convergence committee reviews more effective. Specific convergent activities will also be supported by the project, such as, joint implementation of community events on complementary feeding (*Annaprasan Diwas*) and immunization (Village Health, Sanitation and Nutrition Days), where ICDS and Health department provide counselling and vaccination services while JEEViKA mobilizes community participation. Joint implementation plans for facilitating the same will be developed between JEEViKA and the ICDS Department, operationalizing an existing government order. In addition, to encourage convergent action for health, nutrition and sanitation at the GP level, results based incentives will also be introduced under the project for teams comprising JEEViKA and Department staff and field functionaries. Guidelines for this

<sup>46</sup> Tripathy P., et al., “Effect of a participatory intervention with women’s groups on birth outcomes and maternal depression in Jharkhand and Odisha, India: a cluster-randomized controlled trial”, *Lancet* 2010: published online on March 8, 2010.; Manandhar DS., Osrin D, Shrestha BP., et al., Effect of a participatory intervention with women’s groups on birth outcomes in Nepal: cluster randomized controlled trial”, *Lancet* 2004; 364: 970-79

<sup>47</sup> Neal David, et al., “Nudging and habit change open defecation: new tactics from behavioral science, Water and Sanitation Program, World Bank, Washington DC, March 2016.

<sup>48</sup> The BRLPS has an existing technical partnership with PCI and Digital Green for HNS.

incentive mechanism will be developed within six months of project initiation.

25. Specifically, for sanitation, Jeevika will enter into a MoU with Public Health Engineering Departments (PHED) for supporting SBM implementation. Such a MoU already exists for some districts and this will be expanded to include the 100 intensive blocks. For supporting uptake of sanitation services, the project will also introduce initiatives such as the community WASH academy for training and building capacities of CBOs and project staff on water, sanitation and hygiene practices and technology demonstrations. It will also support the development of Open Defecation Free (ODF) plans and “Model Villages” that would showcase success in sanitation including ODF, solid liquid waste management and safe drinking water through “Gram panchayat development Plan (GPDP). Focus will also be placed on building capacities of communities to undertake water quality testing, point-of-use water treatment and hand pump repairing. Solid Waste Management (SWM) will also be taken up under the project on a pilot basis. The issues that will be addressed under SWM are safe disposal of wastewater, safe disposal of domestic wastewater, safe disposal of household garbage, and appropriate arrangements for collection and treatment of cattle-dung and other solid waste. Additionally, to support households’ access water, sanitation and hygiene services, a Sanitation, Health and Nutrition (SHAN) fund will be instituted to provide gap financing to households in need. A part of this fund will be earmarked for ‘Health Risk Fund’ (HRF) providing financial support to households to meet out of pocket health expenses. Likewise, in order to address the food security risks, ‘Food Security Fund’ will be targeted to poorest areas focusing on SC and ST.

26. The community institutional architecture of Self Help Groups and Village Organizations will play at crucial role in delivering both the HN and WASH agenda. For WASH, greater emphasis will be placed on strengthening linkages between Village Organizations and Gram Panchayats (GPs) and Village Health, Sanitation and Water Committees to effectively plan, organize, implement and manage community led WASH services for the targeted communities. VO level plans will be embedded in the participatory Gram Panchayat Development Plans (GPDP) which will ensure convergence between WASH and Nutrition interventions. These plans will eminently complement the SBM (G) resources by tapping into those available locally under NREGS and transfers to GPs based on the recommendations of Fourteen Finance Commission. In addition, technical assistance from the ongoing Water and Sanitation Program (WSP) of the Water GP, World Bank, Bill and Melinda Gates Foundation (BMGF), Department for International Development, UK (DFID) etc. will be tapped to support implementation and leverage additional resources as required.

27. This component eminently complements the investments made in components 1, 2 and 4. The project will promote social enterprises for nutrition and WASH with a dual objective of contributing to livelihoods and improving availability of nutrient rich processed foods and supply chain access to WASH goods and services at the village level. Business model and service delivery innovations will be pursued for piloting and scaling up through public-private-community partnership models. Specific investments under this component will be on orientation of convergence committees, Jeevika staff and community cadre, ICDS and Health staff and field functionaries on proposed interventions, results based incentives based on performance along key

HNS indicators to GP level convergence teams, establishment of district level community WASH academies, SHAN fund, operating costs for sanitation support activities such as demonstration toilets, ODEP plans, process documentation etc. and capacity building on SWM and other issues.

**28. Phased Implementation:** The project will adopt a twin track approach for implementation taking the intensive and non-intensive route. The project will implement key activities in 100 intensive blocks, while rolling out the BCC strategy across all 300 blocks. Table 1 summarizes the implementation plan:

**Table 1: Implementation Plan**

Approach	Blocks			
	Year 1	Year 2	Year 3	Year 4-6
Intensive	20	60	100	100
Non-Intensive	40	120	200	200

**29. Institutional Arrangements:** The component will be led by the State Program Manager (Health and Nutrition), supported by 4 Project Managers (1 existing and 3 additional for BCC, convergence and partnerships, WASH Capacity Building and HNS enterprises), 1 Project Associate (Health and Nutrition) and 4 Young Professionals (1 existing and 3 additional proposed). To facilitate implementation at the field level, there will be one District Manager (Health and Nutrition) per district; one Block HNS integrator per block, one Block WASH coordinator per block (in 100 intensive districts), 25 Community Resource Persons (HNS) per block, one Institution Development Manager per cluster, and one Community Mobilizer per VO and one WASH motivator at each VO (in 100 intensive blocks with funding support from SBM-G). In addition to the above, BMGF has embedded technical resources within *Jeevika* through their grantee Project Concern International to support implementation of this component. This includes 5 technical specialists for Health and Nutrition and 4 technical specialists for WASH at the State level, including support for Block HNS Integrators mentioned above.

30. Existing partnerships with organizations such as Digital Green, Alive & Thrive, BBC Media Action, PSI, etc. will also be sourced for improving quality and delivery of project interventions, especially BCC. The World Bank (through Water and Health, Nutrition and Population GPs) will extend necessary direct technical support and coordinate with other development partners for enhancing implementation capacity of *Jeevika* on HNS related issues.

**31. Component 4 | Innovations, Partnerships and Technical Assistance (Total US\$ 15 million | IDA Contribution: US\$ 10.5 million):** The objective of this component is to (i) identify and pilot best practices and innovative intervention models in areas relevant to the project (ii) enhance outcomes from investments made through Components 1, 2 and 3 by developing partnerships to build implementation capacity. This component will consist of two sub-components, described below:



**32. Sub-component 4.1. Innovations:** This sub-component will focus on identifying, developing and piloting innovative intervention models that can enhance outcomes in areas relevant to the project - including financial inclusion, livelihoods, skills training, entrepreneurship development, health and sanitation, and nutrition. Activities supported under this component will include workshops, innovation forums and competitions to identify best practice models; learning visits and workshops for project staff, Community Professionals and leaders of community institutions to gain exposure to innovative models; partnerships with implementing organizations to design and implement pilots; impact assessment studies to measure impact of pilots; and workshops and policy briefs to disseminate results and support scaling up of successful pilots.

**33. Sub-component 4.2. Partnerships and Technical Assistance:** This subcomponent will focus on forming partnerships with technical support organizations including private sector agencies, social enterprises, relevant public sector agencies and producer organizations in specific livelihood sub-sectors. Partnerships will seek to build intervention capacity in a range of areas including access to new technologies; more efficient delivery of a range of services; training and hand-holding of project staff and Community Professionals; and developing new market linkages. The project will also support linkages with social enterprise solutions<sup>49</sup> for promoting Nutrition-WASH through Public Private Community Partnerships (PPCP). The project will also support introduction of proven technology/financial service delivery models in partnership with select service providers. The primary focus of the alternate service delivery model (i.e., other than bank branch-based and brick & mortar) will be on delivery of financial services to individual members/households (as against groups – SHGs/VOs) including opening/activation of bank accounts of all SHG members under the Pradhan Mantri Jan Dhan Yojana (PMJDY) and facilitating access to different financial/insurance products under the its umbrella. Additionally, to simplify the fund flow process to SHGs (from banks) for improving velocity/churn of funds, alternate channels like Business Correspondent, mobile and Internet banking would be used, piloted prior to mainstreaming the model across the entire project area, which would also reduce dependence on bank branches.

34. Implementation experience from other projects in India shows that (a) a strong nodal management team at the project level is needed to manage partnerships effectively; and (b) technical support agencies also have severe capacity constraints in offering support at the required scale in project districts; and longer term partnerships that enable and incentivize technical support partners to invest in developing such capacity are needed. A framework that will enable the effective development and management of such partnerships and PAs will be developed. This framework will elaborate, inter-alia, the identification process, technical appraisal, capacity assessment, implementation arrangements including financial management and fiduciary systems, price discovery, performance indicators and outcome measurement systems.

### **35. Component 5 | Project Management (Total US\$ 40 million | IDA Contribution: US\$ 28**

<sup>49</sup> Such as 'community kitchens' for supplying hygienic and nutritious meals through government feeding programs (for women, children and old/infirm); 'street food joints' for serving nutritious meals for wage workers; 'retail outlets' for ready to eat foods, water purification plants, water ATMs, water and sanitation enterprises, cleaning and personal hygiene products enterprises, etc.



**million):** This component will facilitate overall coordination, planning, implementation of the project at the State, district, and block levels, and will also strengthen the capacity of the project staff for effective implementation. Through this component, the project will finance salaries of project staff, consultancies, training programs, office equipment, and operational costs. Monitoring, learning and evaluation systems, Management Information System, financial management systems, procurement, human resource management, knowledge management and communication systems as well as grievance mechanism will also be financed through this component.

36. Under the Project, Human Resource Management will be strengthened based on its renewed strategy to focus on the outputs and performance. It is planned that the administrative functions will be outsourced to a consulting firm, while the HR team would engage in the strategic development of its own staff depending on their talents, competence and performance.

### Annex 3: Implementation Arrangements

#### COUNTRY : India Bihar Transformative Development Project

### Project Institutional and Implementation Arrangements

Institutional and implementation arrangements for the Project are detailed below.

#### Project administration mechanisms

**1. Implementing Agency: Bihar Rural Livelihood Promotion Society:** The Bihar Rural Livelihood Promotion Society (BRLPS), a registered society under the Department of Rural Development, Government of Bihar, is the implementing agency for the project. In 2006, BRLPS was created to be the Project Implementing Agency for the World Bank funded Bihar Rural Livelihoods Project (initiated in October 2007). In 2011, the BRLPS became the designated State Rural Livelihoods Mission responsible for implementing the National Rural Livelihoods Mission in Bihar.

**2. Governance Structure of BRLPS:** The BRLPS has a 17-member General Body and a ten-member Executive Committee (EC) entrusted with the Society's management. The Development Commissioner, GoB heads the General Body (GB) and the Executive Committee. Committee members include representatives from government, civil society, industry associations, and financial institutions. The Society is headed by a CEO (a senior civil servant from the GoB) who is supported by a team of professionals stationed at the State, districts, and blocks.

**3. Organization Structure:** At the State level, the State Project Management Unit (SPMU) led by the CEO will manage the overall implementation and coordination of the project. At the district-level, the project will be implemented by District Project Coordination Units (DPCUs), which are already established in each of the 32 target districts. The SPMU and DPCUs have professionals with expertise in institution building, capacity building, social development, health and nutrition, sanitation, agriculture, livestock, non-farm sector, skills development, microfinance, communication, monitoring and evaluation, human resources development, and finance. At SPMU level there will be a State Resource Cell primarily responsible for identification and nurturing of Community Resource Persons and Community Professionals from the BRLP (Jeevika phase I) blocks. These trained Community Resource Persons will be instrumental in mobilization and formation of institutions in the Project blocks. As SRC has been entrusted the task to support the Project blocks in resource mobilization from resource district of BRLPs, hence to carry out the assignment, there will be a creation of District Resource Centre which will have a pool of 2-3 staff which will continuously work for the creation of immersion points, entrusted to build resource VOs and CLF, building a strong pool of Community Resource Persons and resource pool to cater to the needs of Project blocks. Further, a Capacity Building cell (CB cell), within 32 DMMU of Project, would be responsible for imparting training to the field implementation units and nurturing





the Community Resource Persons from the poor and developing them as trainers. Initially, DMMU staff themselves may act as the trainers. As the program expands, the CB cell would identify, nurture and develops a pool of resource persons and master trainers from the staff and also from the community. Block-level implementation will be led by the Block Project Implementation Units (BPIUs) — a small team of professionals with expertise in community mobilization, institution building, financial inclusion, and other relevant sectors. The BRLPS has recruited the staff required for implementation of the JEEViKA II project at the State, districts, and blocks. The BRLPS has established induction and training protocols for staff at the State, district and block level to strengthen staff capacity and equip them to meet implementation challenges.

**4. Community Institutional Structures:** The BRLPS staff at the State, districts, and blocks provide support, facilitation, and project management services to women in SHGs, VOs, and CLFs. Community institutions of the poor are central to the implementation of the project and are supported by a team of strong Community Professionals and Community Resource Persons. The BRLPS team has developed training manuals and protocols for SHGs, VOs, CLFs, and Community Professionals and Community Resource Persons so as to build their capacity and improve program implementation.

**5. Project Implementation Manual and Community Operations Manual:** The JEEViKA II project will be implemented according to the rules and procedures agreed to in the Project Implementation Plan (PIP) and Community Operational Manual (COM). The PIP outlines the roles and responsibilities of the SPMU, DPCU and the BPMU. The COM details the roles and responsibilities of community institutions — the SHG, VO, and CLF. Both documents detail the process and life cycle of the project. Additionally, the BRLPS has a detailed financial management manual, procurement management manual, and human resources manual that describe the financial management, procurement and the HR systems to be followed under the JEEViKA II project. All these documents — the PIP, COM, and manuals — are the product of over seven years of BRLP and NRLP implementation experience. While these documents provide a tested-process for the JEEViKA II project to follow, periodic review will be conducted to ensure that documents remain up to date and reflect challenges and insights from the implementation of the new project.

## **Financial Management, Disbursements and Procurement**

6. Financial management, disbursement, and procurement procedures for the Project are detailed below.

### **Financial Management**

**7. Planning and Budgeting:** The Project planning process will be dovetailed into the budgeting cycle of the GoB and will be completed in line with the State's annual budget process by February each year. The Project will be budgeted as separate line item in the State budget under the "Demand for Grants of Rural Development Department." At the CBO level the planning process will follow a bottom-up approach. The planning process will grow out of SHG's Micro Investment Plans, which will be consolidated at the VO and CLF level. The BPIU annual work plans will be

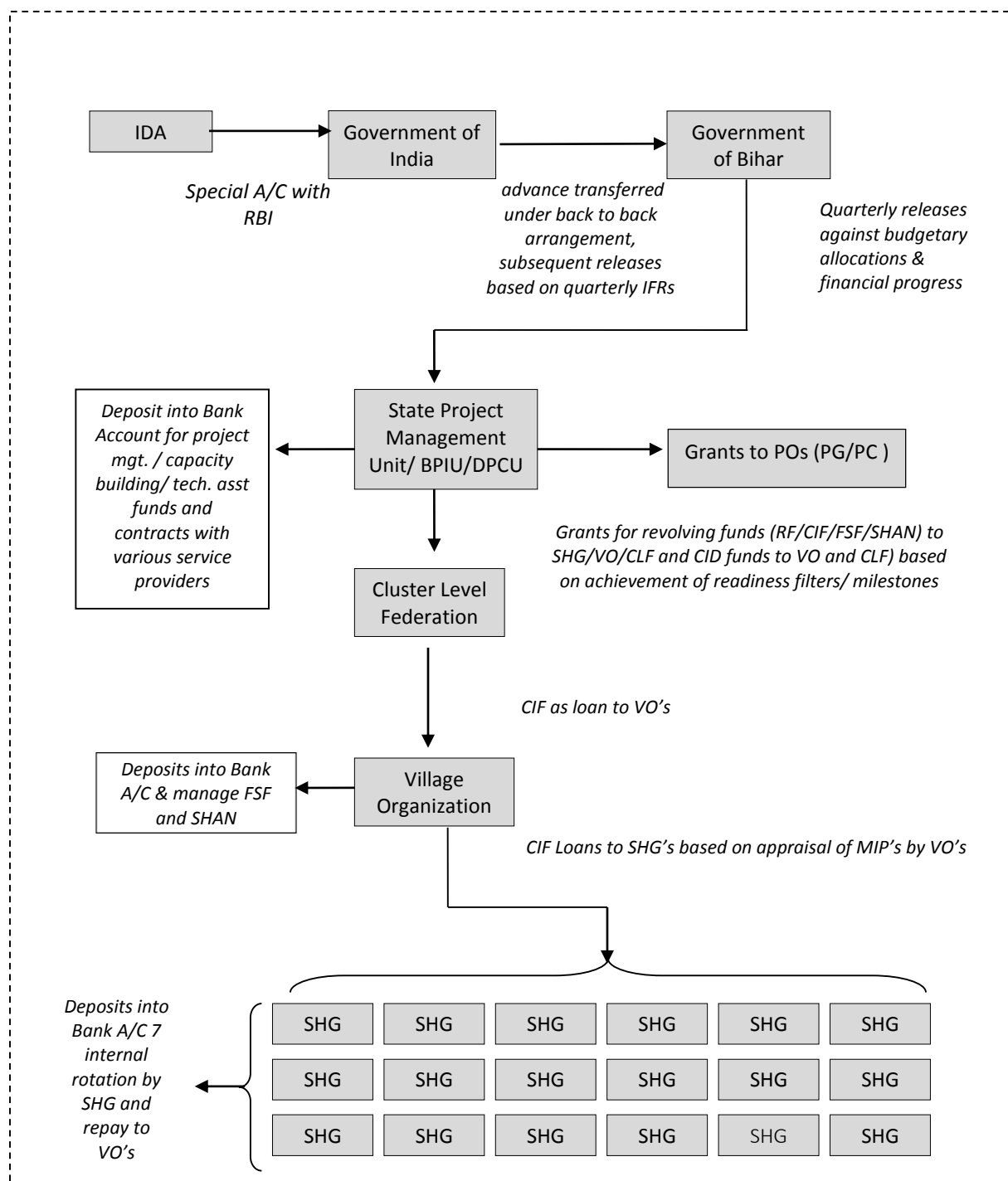


determined by the quantum of such plans and other activities to be implemented by the BPIU. These will eventually be consolidated at the State-level to arrive at the Project Annual Work Plan. The livelihood program in Bihar is funded from multiple sources and (NRLM, NRLP and Bihar Transformative Development Project). Therefore, there is a need to appropriately allocate common costs at the State and districts to the various sources of financing, based on certain principles—including quantum of financing and guidelines, if any, from the funding agency. These procedures are reflected in the Financial Management Manual (FMM) and suitable disclosure will be made in the audited financial statements. This will be reviewed and BRLPS's CEO will approve any changes.

**8. Fund Flow Arrangement:** Funds will flow from the GoB to the BRLPS–SPMU on a quarterly basis, based on projections in the Annual Work Plan for the financial year. From the SPMU funds will be transferred to DPCUs on a quarterly basis, based on the quarterly plans for the districts (based on aggregated BPIU plans). BPIUs will operate on the imprest basis to take care of their operational costs and meet the cost of CBOs training and capacity building. Transfers to CBOs—revolving funds to SHGs, revolving funds to VOs, CIF, FSF, and SHAN funds to VOs and CLFs and revolving funds to CLF will be done by the DPCUs based on approvals by the BPIUs. A significant majority of the funds are transferred electronically to the CBOs (90%) and the balance, through cheques. Based on lessons learnt from BRLP, funds for financing investments in the business plans of POs including PGs/PCs will flow directly to them and not to VOs and CLFs. The fund requirement of individual PGs and PCs and the tranches for release of funds will be based on PGs and PCs' submitted business plans and not as a fixed entitlement determined for a similar intervention, released to all PGs/PCs in a single tranche. This will help mitigate the risk of advances building up and support an environment for periodic reporting of expenditures by the PGs/PCs to access subsequent tranches. During implementation a more efficient funds management systems will be explored in consultation with commercial banks. The funds flow arrangements are captured in the Figure 2.



**Figure-2: Funds Flow**



**9. Accounting Policies, Procedures, and Systems:** The SPMU, DPCUs, and BPIUs will maintain their accounts on cash basis following double entry book keeping principles. The project currently uses an off-the-shelf accounting package (TALLY) in the SPMU and DPCUs. While the SPMU (1), DPCUs (32), and the BPIUs (300) will be spending units under the project, the accounting centers will only be the SPMU and the DPCUs. The BPIUs will work on an imprest basis and submit on a monthly basis, all the invoices and other supporting documents to their DPCU for accounting and reporting. The SPMU consolidates the accounts on a monthly basis and carries out inter unit transfer and fund reconciliations. BRLPS has been fairly regular and timely in the submission of financial reports.

10. A FMM has been updated to reflect lessons learnt in the implementation of BRLP. Similarly, the Community Operations Manual (COM) has been updated. The COM reflects the accounting, internal controls, and triggers for release of various funds to the CBOs. The FMM and the COM detail the accounting and financial management processes—such as funds flow, budgeting, internal control and audit arrangements—at the project and community level. The key issues that have been addressed in the design of the accounting policies and procedures are:

- The SPMU and DPCUs will be the primary accounting centers under the project. The CLFs, VOs, and SHGs will maintain accounts for the funds received from the project. Since it is proposed that the VO and CLF will eventually be registered legal entities<sup>50</sup>, they will be required to maintain proper books of accounts, prepare financial statements, and get them audited in accordance with the provisions of the Act.
- All internal fund transfers to the DPCUs and BPIUs are treated as an inter unit transfers and not considered as expenditure.
- Tranche release of revolving funds to CBOs (RF, CIF, FSF and SHAN) to SHGs, VOs, and CLFs by the project are treated as expenditure in the project's books of accounts and reimbursed by the Bank, since the releases are based on achievement of readiness filters and triggers (performance and repayment linked financial indicators) by the VO/CLF<sup>51</sup>

11. Tranche release to CBOs (VOs and CLFs) for the component 1, which is towards institutional set up and operation costs and grants to PGs/PCs for livelihood activities will be treated as advances in the project's books and considered as expenditure only on receipt of expenditure reports from the CBOs.

<sup>50</sup> In the initial years the VO and BLF are not expected to be registered. Once they achieve a critical mass and start market and bank linkages they may seek registration

<sup>51</sup> Based on the appraisal of individual Micro Investment Plan (MIP) of the SHGs, the VOs will aggregate the plans and seek financial assistance from the project and/or financial institutions. The project will provide grant funds to the VOs. Thus the project will not be financing individual MIP or sub projects but financing the VO/CLF on the assessment of needs & achievement of milestones. The VO will in turn provide loans to the SHGs and based on repayments, the VOs will revolve the funds for financing subsequent proposals. In the later years of project implementation with the creation of CLFs the grants for revolving funds would be transferred to CLF who in-turn will on-lend to VO's. The VO/ CLF is expected to use this resource as revolving fund to finance various self-help groups in the village based on the micro planning process. This revolved fund, combined with the savings of self-help groups is expected to multiply the project funds by two to three times, thus increasing overall credit availability for the self-help groups. As end loan eventually flows to an individual member of an SHG, who uses it for activities reflected in the MIP and repays the loan to the SHG, the assurance on end use is tracked by the repayments and rotation of funds by the CBO's. This will be monitored through the CBO MIS which tracks repayments, idle funds and velocity of rotation by CBO's.

- Other fund releases to NGOs and service providers, including training and capacity building agencies, will be accounted as advances (except for output based contracts) and adjusted to expenditures only on submission of expenditures.

**12. Finance Staffing, Training, and Capacity Building:** The project has adequate finance staff at the SPMU, DPCUs and the BPIUs.<sup>52</sup> The Finance Team at the SPMU is headed by a qualified finance professional, the Chief Finance Officer, and is supported by other finance staff. The finance and accounts staff are provided with regular training on operational controls and changes in project design. The Financial Inclusion Team, which includes the Community Finance Team, focuses on CBO book keeping, capacity building, financial reporting, and CBO audit. At the BPIU level, it is proposed that 50% of the PIU accountants will be used for CBO capacity building and oversight. Experience with livelihood projects indicate the need for high level of investments in building the capacity of Village Book Keepers, with clear definitions in the roles and responsibilities of Master Trainers.

**13. Internal Control Framework:** For the State, district, and block level units the applicable framework would be the delegation of financial and administrative powers and payment responsibilities are documented in the Finance and Administrative Rules. Additionally, these are supported by the approval process for specific project activities and various CIF as outlined in the project FMM and COM. These are reviewed regularly to ensure these documents are kept up to date during project implementation. Other key control parameters are as follows:

- Each project accounting unit will close the books within a specified number of days of the end of the month, reconcile balances with the banks, and forward the same to the SPMU for consolidation. The SPMU will have the responsibility for qualitative and timeliness aspects of financial reporting;
- Contractual agreements (MOUs) will be entered into between project and VO/CLF setting out the obligations, milestones, and with other service providers;
- Financial controls are documented in the FMM.

### **Financial Management and Oversight at Community-Level**

**14. At Village-Level:** Community procurement guidelines for procurement of common goods and services have been developed. For the CIF component implemented by CLFs, VOs, and SHGs:

- Books of accounts for loan funds will be maintained on a regular basis by individual SHGs, VOs, CLFs, and any other CBOs. All key financial and physical information will be displayed at a prominent location or at the CLFs office;
- At the SHG, VO, and CLF recording of all financial decisions in the minute books, access of accounting records to all members;
- A Community Procurement Committee will be trained in expenditure tracking, financial supervision, and procurement to ensure transparency in transactions;
- The CBO MIS will capture the data from the CBO monthly report to provide a dashboard on fund utilization, rotation, and idle balances at each level;

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<sup>52</sup> Include in the footnote the approved and actual FM staff positions at each level.

- Executive summary of CBO audit will be placed in the EC/GB meeting.

**15. External Audit:** The external audit of the Project will be carried out by a private firm of chartered accountants appointed by the Executive Committee of the BRLPS. The firm would be appointed after a competitive selection process. The ToR for audit has been agreed with IDA and documented in the FMM. The annual audit report will consist of (i) annual financial statements; (ii) audit opinion; and (iii) management letter highlighting weaknesses, if any, and identifying areas for improvement. In addition, an audit report for special account held at GoI would also be submitted in the usual manner. The audit reports for each fiscal year will be submitted within 9 months of the end of the fiscal year. The following audit reports will be monitored in PRIMA:

**Table 2: Audit Arrangement**

Implementing Agency	Audit	Auditors
BRLPS	Project Audit	Private Chartered Accountants
DEA / GoI	Designated Account	Comptroller & Auditor General of India

**16. Internal Audit:** BRLPS has an existing system of internal audit of project units at SPMU, DPCUs and BPIUs, which will be continued and extended to the 32 districts of the Project. The ToR has been agreed with IDA and documented in the FMM.

**17. Audit of Community-Based Institutions (CBO Audit):** SHGs follow a system of grading, or rating. VOs and the CLFs will be audited by private CA firms (appointed and financed by the BRLPS). There have been challenges in timely completion and review of CBO audits given the large volume of such institutions. These are being addressed by expanding the pool of auditors using the panel prepared by Registrar of Cooperative Societies, which has a pool of nearly 200 auditors. BRLPS will modify its CBO MIS to record CBO audit completion status and capture key audit observations and exceptions in a standardized template. Data from the CBO MIS will be aggregated management review.

**18. Financial Reporting and Monitoring:** Each accounting center will compile financial information, which will be consolidated by the SPMU. The summarized interim financial reports (by project components and sub-components) will be submitted to IDA on a quarterly basis within 45 days of the end of the quarter

### Disbursements

**19. Advance and Disbursement Arrangements:** The disbursement would be based on quarterly Interim Financial Reports, the formats of which have been agreed and documented in the FMM. Table 3 provides the disbursement categories and percentage of expenditures to be financed by the IDA credit.

**20. Retroactive Financing:** Withdrawals from the IDA credit up to an aggregate amount not to

exceed US\$25 million may be made for payments made on or after April 15, 2016.

**Table 3: Expenditures that may be financed from the IDA Credit**

Category	Amount of the Credit Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consultants' services, Operating Costs, SHG Grants and Grants under the Project	290,000,000	70%
<b>TOTAL AMOUNT</b>	290,000,000	

## Procurement

**21. Procurement Risk Assessment:** The Project will be implemented by the BRLPS, which is the implementing agency for two other World Bank funded projects (the BRLP and NRLP) and the Sustainable Livelihoods and Climate Change Adaptation, a Global Environment Facility (GEF) funded project. Over the years of successful implementation of these projects, BRLPS has established robust State and district level procurement management systems and supervision arrangements for community-level procurements. These systems will be leveraged and scaled across all 32 districts of the Project. For this reason, the project procurement risk rating is “moderate.”

22. Procurement of goods and non-consulting services under the Project, and those to be financed from the proceeds of the Credit, shall be in accordance with the requirements set forth or referred to in the “Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” (January 2011), updated in July 2014 (Procurement Guidelines). Selection of consulting services under the Project, and to be financed from the proceeds of the Credit, shall be done in accordance with the requirements set forth or referred to in the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” (January 2011), updated in July 2014 (Consultant Guidelines) and any additional provisions mentioned in the Financing Agreement, the agreed aspects of which are detailed in the Procurement Manual prepared for the Project. Community Procurement Guidelines, as described in the Procurement Manual, will be followed at the community- level. Recommended post-review arrangements for CDD projects, based on the World Bank “Guidance Note For Management of Procurement Responsibilities In Community-Driven Development Projects” dated December 2009, will be followed for fiduciary assurance.



**23. Procurement Arrangements and Staffing:** At the State level, the State Project Management Unit (SPMU), established under the BRLPS, will be responsible for managing and supervising procurements under the Project. All civil works, and goods and services would be procured using India-specific World Bank model documents and will use formats of community contracts approved specifically for the Project. The SPMU will have a dedicated procurement cell that will handle all types of procurement (goods, works, non-consulting services, and consulting services). The procurement cell will be staffed with an experienced Procurement Manager and will be supported by two dedicated procurement staff and necessary support staff. All procurement activities under the Project shall be processed through this cell. Dedicated Procurement Officers positioned at all DPCUs will be responsible for managing district-level procurements and overseeing block and community-level procurements. The SPMU does not currently use an e-procurement system. For the Project, the SPMU will introduce an e-procurement system, in phases, to increase efficiency and transparency of procurement processes.

**24. Procurement Planning:** For each contract to be financed under the Project, different procurement methods or consultant selection methods, need for pre-qualification, estimated costs, prior review requirements, and time frames for all key procurement activities are reflected in the Procurement Plan to be agreed between the Borrower and the World Bank project team.

25. The SPMU has prepared a Procurement Plan for the first 18 months of project implementation. The prior review thresholds are indicated in the Procurement Plan. The Procurement Plan has been agreed on by the Borrower and the Association/ World Bank and shall be subsequently updated annually (and earlier or later, if required). The Procurement Plan will reflect changes in prior review thresholds, if any. All Procurement Plans, their updates, or modifications shall be subject to the Association's/ World Bank's prior review and 'no objection' before implementation.

**26. Selection of Consultants:** The SPMU will use the standard request for proposal for selection of consultants. The following methods will be adopted depending on the size and complexity of assignments and as agreed in the Procurement Plan.

- Quality and Cost Based Selection (QCBS);
- Quality Based Selection (QBS);
- Fixed Budget Selection (FBS);
- Least Cost Selection (LCS);
- Selection based on Consultant's Qualification (CQS);
- Single Source Selection (SSS);
- Individual Consultants
- UN Agencies subject to mutual agreement with the association

27. A short list of consultants for services estimated to cost less than US\$800,000 equivalent per contract may be composed entirely of national consultants in accordance with the provision of paragraph 2.7 of the Consultant Guidelines.

## **Procurement of Goods, Works, and Non-Consulting Services**





**28. International Competitive Bidding (ICB):** International Competitive Bidding (ICB): Works Contracts estimated to cost US\$ 40.0 million or more, and Goods Contract estimated to cost US 3.0 million or more, will be procured through ICB. The Procurement will be carried out using the Bank's Standard Bidding Documents (SBDs) for all ICB Contracts.

**29. National Competitive Bidding (NCB):** Contracts estimated to cost up to US\$ 40,000,000 for works and US\$ 3,000,000 for goods shall be procured following the NCB procedures. Procurement of goods, works, and non-consulting services shall be conducted in accordance with paragraph 3.3 and 3.4 of the Procurement Guidelines. For the procurement of goods, works, and non-consulting services the SPMU will use the World Bank's standard bidding documents and the following additional provisions shall apply:

- Only the model bidding documents for NCB agreed with the GoI's Task Force (and as amended from time to time) shall be used for bidding;
- Invitations for bid shall be advertised in at least one widely circulated national daily newspaper (or on a widely used website or electronic portal with free national and international access along with an abridged version of the said advertisement published in a widely circulated national daily, among other things, giving the website/electronic portal details from which the details of the invitation to bid can be downloaded), at least 30 days before the deadline for the submission of bids;
- No special preference will be accorded to any bidder either for price or for other terms and conditions when competing with foreign bidders, State-owned enterprises, small-scale enterprises or enterprises from any given State;
- Except with the prior concurrence of the Association, there shall be no negotiation of price with the bidders, even with the lowest evaluated bidder;
- Extension of bid validity shall not be allowed with reference to contracts subject to the Association's prior review without the prior concurrence of the Association for (a) the first request for extension if it is longer than four weeks; and (b) all subsequent requests for extension irrespective of the period (such concurrence will be considered by the Association only in cases of force majeure and circumstances beyond the control of the purchaser/ employer);
- Re-bidding shall not be carried out with reference to contracts subject to the Association's prior review without the prior concurrence of the Association;
- The system of rejecting bids outside a pre-determined margin or 'bracket' of prices shall not be used in the project;
- Rate contracts entered into by the Directorate General of Supplies and Disposals (DGS&D) will not be acceptable as a substitute for NCB procedures unless agreed with the Association on a case-to-case basis. Such contracts will be acceptable, however, for any procurement under the shopping procedures;
- Two or three envelope system will not be used (except when using an e-procurement system assessed and agreed by the Association).

**30. Shopping:** The shopping method in accordance with paragraph 3.5 of the Procurement Guidelines may be adopted for procuring readily available off-the-shelf goods of value less than US\$100,000. For the shopping procedure, list of vendors/contractors already registered with



government departments may be used for inviting quotations. The Procurement Plan should determine the cost estimate of each contract and the aggregate total amount. The borrower should solicit at least three price quotations for the purchase of goods, materials, or services (non-consulting), to formulate a cost comparison report.

**31. Direct Contracting:** Goods, works, and non-consulting services, which meet the requirement of paragraph 3.6 of the Procurement Guidelines, may be procured following the direct contracting method.

32. The table 4 describes the various procurement methods to be used for activities financed by the proposed Credit. These methods along with agreed thresholds will be reflected in the Procurement Plan. The thresholds indicated in the table apply to the initial 18-month implementation period and are based on the procurement performance of the project; these thresholds will be modified as required.



**Table 4: Summary of Procurement Methods**

Category	Method of Procurement	Threshold (US\$ Equivalent)
Goods, works, and non-consultant services	Limited International Bidding	Wherever agreed by the Association
	National Competitive Bidding (NCB)	40,000,000 for works and 3,000,000 (with NCB conditions)
	Shopping	Up to 100,000
	Direct Contracting	According to paragraph 3.7 of Procurement Guidelines
	Force Account	According to paragraph 3.9 of Procurement Guidelines
	Framework Agreement (FA) <sup>53</sup>	According to paragraph 3.6 of Procurement Guidelines
	Procurement from United Nations Agencies	According to paragraph 3.10 of Procurement Guidelines
Consultants' Services	Single-Source Selection (SSS)	According to paragraphs 3.8–3.11 of Consultant Guidelines
	Individuals	According to Section V of Consultant Guidelines
	Particular Types of Consultants	According to paragraphs 3.15–3.21 of Consultant Guidelines
	Selection Based on Consultants' Qualifications (CQS)	Up to 300,000
	Quality- and Cost-Based Selection (QCBS)/ Quality-Based Selection (QBS)/Selection under a Fixed Budget (FBS)/Least-Cost Selection (LCS)	For all other cases
	(a) International short list (b) Short list may comprise national consultants only	> 800,000 Up to 800,000

**32. Prior Review by the Association:** The Association prior reviews the following contracts:

- (a) Goods, Services (other than consultancies) and IT systems: All contracts more than US\$ 1 million equivalent;

<sup>53</sup> DGS&D rate contracts may be used as the FA, subject to the following conditions:

- Use of DGS&D rate contracts as the FA must be reflected on the Procurement Plan agreed by the Association for particular goods.
- Before issuing the purchasing order, the implementing agency will carry out a price analysis on the specific goods that are intended to be purchased. If after this due diligence the implementing agency concludes (and the Association agrees) that the DGS&D rate contracts are more advantageous, DGS&D rate contracts may be used as the FA.

To meet the Association's requirements for right to audit and F&C, these clauses may be included in the Purchase Orders (in case the purchasers are directly placing the purchase orders to DGS&D rate contract holders). On the other hand, if indent is placed through DGS&D, the Purchaser has the option to sign a separate undertaking with DGS&D rate contract holder, where Association's right to audit and F&C clauses could be mentioned.



- (b) Works: All contracts more than US\$ 10 million equivalent;
- (c) Consultancy services: More than US\$ 500,000 equivalent for firms and more than US\$ 200,000 equivalent for individuals;
- (d) Single source selection of consultants: \$50,000 and above;
- (e) Direct contracts for goods and works: \$50,000 and above.

33. In addition, the justifications for all contracts to be issued on the basis of limited international bidding or single-source or direct contracting (except for contracts less than US\$ 50,000 in value) will be subject to prior review. The above thresholds are for the initial 18-month implementation period; based on the procurement performance of the project, these thresholds may be subsequently modified. The prior review thresholds will also be indicated in the Procurement Plan. The Procurement Plan will be subsequently updated annually (or at any other time if required) and will reflect any change in prior review thresholds as well as changes in thresholds for procurement methods. The Association will carry out an annual ex post procurement review of the procurement falling below the prior review thresholds provided above.

**34. Systematic Tracking of Exchanges in Procurement (STEP):** An online STEP shall be adopted to prepare the Procurement Plan once the initial Procurement Plan has been agreed. It is a web-based tool owned by the World Bank, which helps in tracking dates of the different stages of procurement activities and contract management that are planned or under implementation. The system establishes a new, easy to use, and more efficient way for Bank teams and clients to interact, while at the same time providing an audit trail of the process. The Bank will make arrangements to train the staff of the SPMU in operating STEP.

**35. Complaint Handling Mechanism:** The SPMU shall establish a complaint handling mechanism to address complaints/grievances from contractors/suppliers more effectively. On receipt of complaints, immediate action will be initiated to acknowledge the complaint and redress it within a reasonable timeframe. All complaints during the bidding/award stage as well as complaints during the contract execution along with the analysis and response of the SPMU shall invariably be submitted to the Association for review.

### **36. Anticorruption Measures**

- (a) *Disclosure Requirements.* The project shall comply with the disclosure requirements stipulated in the Bank's Procurement Guidelines and Consultant Guidelines, January 2011 and updated in July 2014. Accordingly, the following documents shall be disclosed on the project's website: (i) Procurement Plan and all subsequent updates; (ii) invitations for bids for goods, works and non-consulting services; (iii) requests for expression of interest (REOI) for selection/hiring of consulting services; (iv) short list of consultants; (v) contract awards; (vi) lists of contracts following direct contracting, CQS, or SSS on a quarterly basis; and (vii) action-taken reports on complaints received on a quarterly basis.
- (b) The following details shall be published by the SPIU through client connection or sent to the Bank for publishing on their behalf on the Bank's external website and UNDB



online: (a) General Procurement Notice (GPN); (b) requests for expression of interest for consulting services estimated to cost more than US\$300,000; and (c) contract award details of all consulting services, with estimated cost of more than US\$300,000. The project shall also publish on its website any information required under the provisions of disclosure, as specified by the Right to Information Act of India.

**37. Use of Government Institutions and Enterprises:** Government-owned enterprises or institutions in India may be hired for activities of a unique and exceptional nature if their participation is considered critical to achievement of project objectives. In such cases, the conditions provided in clause 1.13 of the Consultant Guidelines will be satisfied.

### Environmental and Social (including safeguards)

**38. Environmental Safeguards:** The project is classified as Category ‘B’ as per Bank’s Operational Policy (OP) 4.01. The productivity enhancement activities in agriculture and livestock, small-scale enterprises, processing activities under value chains, health nutrition and sanitation interventions could have some minor negative impacts on health and environment. To mitigate the potential negative impacts, the project has developed an Environmental Management Framework (EMF). The EMF is an integral part of the implementation arrangements for project interventions that may have an impact on the environment.

**39. Objective and Approach of EMF:** The objective of EMF is ‘to ensure environmental sustainability of livelihoods and health, nutrition and sanitation interventions proposed under the Project and to contribute to economic enhancement by adopting environment friendly practices’. The approach is – ‘greening the interventions’ by incorporating environment guidelines into the productivity enhancement and value chain interventions, promoting Green Business Opportunities and integrating environment guidelines into the interventions focused on health, nutrition and sanitation. EMF provides templates for the preparation of the Environmental Management Plans (EMP), which will be prepared by the BRLPS, CBOs or POs. Table 5 describes the scope of EMF.

**Table 5: Scope of EMF**

<b>Component</b>	<b>Sub-sector</b>	<b>Key Interventions</b>
<b>Component 2: Community Investment Funds</b>	Livelihood Interventions (micro investment plans)	<ul style="list-style-type: none"> <li>• Greening the Productivity Enhancement Interventions in agriculture and livestock</li> <li>• Greening the business plan implementation in value chain interventions in maize, vegetable, milk, poultry, honey and some specific crafts</li> <li>• Greening the enterprises by promoting use of eco-friendly raw materials, safe disposal of wastes etc.</li> </ul>
	Skill training and entrepreneurship development	<ul style="list-style-type: none"> <li>• Promoting eco-friendly enterprises and environment guidelines for the enterprises.</li> </ul>
<b>Component 3: Access to Nutrition and Sanitation services</b>	Communication for Nutrition and Sanitation Behavior Change	<ul style="list-style-type: none"> <li>• Awareness on environmental sanitation and environmental guidelines for sanitation interventions</li> </ul>
	Health, Nutrition and Sanitation Interventions through convergence and social funds	<ul style="list-style-type: none"> <li>• Micro plans to include nutrition gardens, vermi-compost pits, drip methods, construction of household latrines, composting of wastes and safe drinking water</li> </ul>
<b>Component 4: Innovations, Partnerships, and Technical Assistance</b>	Partnerships with best practicing organizations and innovations across livelihoods sanitation Renewable Energy Interventions	<ul style="list-style-type: none"> <li>• Scouting for and promotion of Green Business Opportunities that are replicable under the project</li> <li>• Community managed solar photovoltaic pump based micro irrigation systems</li> <li>• Solar based energy access for individual households</li> <li>• Solar cook stoves and biogas based stoves</li> </ul>



**41. Promotion of Green Business Opportunities:** Green Business Opportunities will be identified and supported under the component ‘Partnerships Innovations and Technical Assistance’. The broad themes could be certification of ZBNF produce, environmental sanitation, green energy for livelihoods and households etc.

## **42. Institutional Arrangements**

- **Village level:** Green Village Resource Persons (GVRPs) will be trained at village level or VRPs will be trained on EMF. The VRP or GVRP supports the SHGs in conducting EA and provides capacity building support.
- **Block level:** Livelihood Specialist at block level acts as environment coordinator at block level. The livelihood specialist supports VRPs through capacity building and handholding support and regularly monitors the EMF implementation.
- **District level:** The Manager -Livelihoods acts as environment coordinator at district level and supports the block level staff.
- **State level:** State manager – Livelihoods (farm) anchors the EMF at State level.

The detail of roles and responsibilities is provided in the EMF document.

43. Climate Change and Disaster Screening was conducted for short and long-term climate change and disaster risks. The key drivers of climate risks are; (i) Extreme Temperature (ii) Extreme precipitation and Flooding and (iii) Drought. The risk for all the above drivers are rated as “moderate”. The above risks could impact the activities to be undertaken as part of sub component on Value Chain Development under the Component 2. To address these risks, appropriate resilient measures like the use of resistant cultivars, capacity building of CBOs and POs on adaptive crop planning and strengthening the delivery of last mile extension services around the above issues would be undertaken under the project.

**44. Social Safeguards:** The proposed project will positively impact nearly five million women belonging to rural households across 300 blocks of Bihar's 32 districts. At least 60 percent of the project's total beneficiaries would be women from the traditionally disadvantaged and excluded communities, SC, ST, EBCs, OBCs and religious minorities. These groups will be enhancing and diversifying their incomes and livelihoods, as well as improving their access to health, nutrition and sanitation services.

45. The key social safeguard issue is to ensure project outreach and impact among the scheduled tribe (ST) communities, adoption of social and culturally compatible processes, and enhanced participation and inclusion of tribal households in project supported community institutions, investments, livelihood interventions and health and nutrition programs. The project triggers World Bank's operational policy on indigenous peoples (Scheduled Tribes) as most of the project



districts have some population of scheduled tribes (STs). While the ST constitute around 1.3% of Bihar's population, about 15 of the project districts have rural tribal communities that are between 1-7% of the rural population, with West Champaran, Katihar and Jamui being the three districts with highest rural ST population. In addition to ST households, an equally significant social inclusion priority of the project would be to ensure social, financial and economic inclusion of other excluded communities specially SCs, extremely backward castes (EBCs), other backward castes, religious minorities and landless and agriculture/seasonal labor. In addition, restrictive social and cultural norms on women's mobility and participation in public structures/spaces and markets also pose challenges to deepening and expanding women's social and economic empowerment. Investments supported under the Project do not involve any involuntary acquisition of private lands and public lands with squatters.

46. To address these key social inclusion, tribal development and gender priorities, BRLPS has updated the existing Social Assessment and Tribal Development Framework (TDF) of the ongoing BRLP based on i) lessons learnt from its long-standing institutional experience of working closely with traditionally marginalized groups such as SC, ST, EBC and minority households; ii) experience with implementation of social safeguard and social development plans/frameworks; and iii) beneficiary and stakeholder consultations in new project areas, including tribal areas. The updated social management framework focuses on the traditionally marginalized and excluded households in terms of their: i) systematic identification, prioritized targeting and mobilization in SHGs; ii) inclusion in leadership of SHGs, VOs, higher federations and producer collectives; iii) participation in livelihood and vulnerability reduction microplanning; iv) share in community investment funds and bank linkage; v) access to benefits from livelihood interventions and/or value chains in agriculture, livestock, and off farm/non-farm sectors; vi) access to health, food security, nutrition and sanitation related interventions; and vii) building their capacity for engaging and demanding better public services. The TDF includes provisions for i) screening, identification and profiling of tribal and non-tribal target households in project villages; ii) preparation of short, area specific tribal development plans; iii) holding informed consultations and documenting broad community support in predominantly tribal villages; iv) undertaking socially and culturally compatible social outreach, mobilization, and institution building interventions; v) undertaking tribal-focused livelihood and capacity building programs identified through TDPs; v) systematic tracking of inclusion indicators with respect to tribal communities.

47. The Social Unit of BRLPS is well staffed with project managers at State and district levels. The team also works closely with other project units working on health, nutrition, sanitation, and social protection interventions. The Project will be leveraging this pre-existing institutional expertise in implementing the gender, inclusion and social safeguard strategies in the project villages. The SPM (Social) with the assistance of project managers, young professionals and consultants will be responsible for implementing the social management framework and tribal development framework (TDF). The existing staffing structure on social development will also be expanded to newer project areas, and BRLPS will ensure that designated social development staff remains deployed at the State and district levels. Periodic reviews will be undertaken to further strengthen monitoring, tracking and learning on social inclusion, tribal development and gender dimensions. BRLPS will undertake periodic social performance reporting under the proposed



project.

48. The Project's Citizen's Engagement (CE) strategy includes: continuing with the well-established beneficiary feedback mechanism, which has been evolved under the BRLP. The rural poor participants in the project will continue to participate in the planning, implementation, and monitoring of credit, vulnerability reduction, and livelihood interventions. Under the Project, communities will significantly expand their engagement with services and service providers for health and nutrition, and water and sanitation. They will be participating in the WASH-related committees, village micro-planning and monitoring of these services. "Community Scoring Cards" are to be used to assess the community's level of satisfaction with these services. The project will further strengthen the existing "Grievance Mechanism" that is to be rolled out in all the targeted districts. The project will continue to ensure the disclosure of information at the community level. The projects result framework includes an indicator on CE.

## **Monitoring & Evaluation**

49. The Project's Monitoring, Evaluation, and Learning (MEL) system will provide concurrent feedback to the project management and key stakeholders on the project's progress on results indicators. The results framework is attached in Annex 1. It includes one IDA Core indicators and one Citizen Engagement Indicator.

50. Key features of project M&E include monthly progress reports, regular reporting of progress to the project management, an independent evaluation of implementation comprising of baseline, annual household panel data, mid-term assessment and end-line assessment. At the State-level, accredited agencies will review the project's process monitoring system to track the quality of project implementation. The Impact Evaluation will assess changes in income and economic status of beneficiaries as a result of project interventions. In addition, the project will conduct relevant thematic assessments, surveys, and evaluations required to better analyze the impact of the project.

51. Management Information Systems (MIS): The BDTP will build on the well-established MIS of BRLP and will expand its coverage both horizontally and vertically. In the course of the project implementation, the project team will explore an IT-based mechanism of data entry and monitoring at community and village level.

## **Role of Partners (if applicable)**

Not applicable.



## Annex 4: Implementation Support Plan

### COUNTRY : India Bihar Transformative Development Project

#### Strategy and Approach for Implementation Support

1. The Bank's implementation support strategy combines periodic supervision with timely technical support and policy advice as necessary. The implementation support includes: (a) implementation support mission (ISM) every six months; (b) interim technical discussions and field visits by Bank; (c) monitoring and reporting by the BRLPS on implementation progress and achievement of results; (d) third-party impact evaluation (baseline, mid-term, final); (e) annual internal and external financial audits and FM reporting; and (f) periodic procurement post-review.
2. The ISM will visit randomly selected project sites (SHG, VOs and CLF etc.), to assess and physically verify the work financed by the project. These site visits will include interaction with CBO members, producer organizations, representatives of the line departments of the government, bankers (formal financial institutions) and private sector partners, assisting with community mobilization and capacity building.
3. Special emphasis will be placed on the strengthening of the grievance redressal mechanism (GRM) to solicit feedback and grievances from the beneficiaries. The Bank team will be able to have access to the report.
4. In addition, regular feedback will be obtained on project performance through project reports prepared by the BRLPS and the regular monitoring reports generated through the project's MIS. Key issues identified in these reports will be followed up, including through short visits to the State, as necessary.
5. **Financial management.** ISMs will review the project's financial management system, including but not limited to, accounting, reporting, and internal controls. The support will be provided through regular interactions and thematic implementation support missions, if required.
6. **Environmental and Social Safeguards.** The Bank safeguards specialists in the team will supervise various activities to ensure full compliance with the Bank's safeguard policies.

#### Implementation Support Plan

7. The following Implementation Support Plan (Table 6) reflects the preliminary estimates of skill requirements, timing, and resource requirements over the life of the project. Keeping in



mind the need to maintain flexibility over project activities from year to year, the ISP will be reviewed periodically to ensure that it continues to meet the implementation support needs of the project. Table 7 indicates the Bank team's required skill mix.

**Table 6: Implementation Support Plan**

Time	Focus	Skills Needed
<b>First twelve months</b>	CBO mobilization Community Financing Access to Financial Services from Formal Institutions Higher Level Institutions strengthening Producer group activities Nutrition Sanitation Partnership Skills	Procurement and financial management plus other core team members including M&E, Agriculture and agricultural business, Rural Finance, institutional Development, Skills, Sanitation Nutrition, Environment and Social.
<b>12 to 60 months</b>	Value Chain Development activities Community financing, support and oversight of financing institutions Sustainability of Institutions Impact evaluation Gender and social inclusion Environment and social aspects	Technical specialists based on thematic focus of specific missions (including technical missions), emerging issues, and demand from client. Along with fiduciary team.
<b>60 to 72 months</b>	CBO institutional development plan beyond the project end Completion of Activities BRLPS future implementation plan Phase-out of project support	Technical specialists based on thematic focus of specific missions (including technical missions), emerging issues, and demand from client. Along with fiduciary team.

**Table 7: Skills Mix Required**

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
Technical Specialists (Institution, Agriculture, Non-farm, Nutrition/Health, Sanitation, skills, Financial Inclusion, HR)	16	8	Country office
M&E Specialist	4	2	Country office
FM Specialist	4	2	Country office

Procurement Specialist	4	2	Country office
Social Specialist	4	2	Country office
Environment Specialist	4	2	Country office
TTL/co-TTL	24	4	Country office/ HQ

## **Annex 5: Lessons learnt and Results of Bihar Rural Livelihoods Project**

1. The Government of Bihar has been implementing the Bihar Rural Livelihoods Project (JEEViKA), a World Bank supported program for poverty alleviation across in 6 districts and 42 blocks of Bihar since 2007. The project was further provided with additional finance in 2012 and the geographically scope expanded by a further 60 blocks. The project is thus currently operational across 6 districts and 102 blocks.

### **2. Social Mobilization Key Results**

- More than 1.8 million households have been mobilized into nearly 150,000 Self-Help groups (SHGs), further federated into 9,500 Village Organizations (VOs) and 161 Cluster Level Federations (CLFs).
- The project has saturated the entire 42 Phase-I blocks in terms of CLF formation.
- Sustained efforts from the project towards strengthening CLFs have helped the federations and 66 CLFs in older blocks have achieved operational self-sufficiency and will soon completely take over core functions from Block Project Implementation Unit (BPIU)
- Out of the households mobilized, the percentage of households belonging to SC and ST is nearly 30 percent, as opposed to the State average of 18 percent.
- The project has also successfully developed and nurtured 46,750 Community professionals including Community Resource Persons (providing numerous services related to various thematic interventions. BRLPS being a national resource organization is providing resource persons to other States including Uttar Pradesh, Rajasthan and Jharkhand.

### **3. Financial Inclusion Key Results**

- Nearly 85% of project SHGs having a savings account and more than 75 % of them having accessed institutional credit at least once.
- In addition to the project's direct community-level investment of INR 5.9 billion, SHGs have leveraged an additional INR 5.81 billion of institutional credit from public sector and regional rural banks and an additional INR 1.50 billion in individual savings. With an estimated fund rotation velocity of 1.5<sup>54</sup>, total direct investment at the household level is approximately INR 19.81 billion —3.3 times the project's investment.
- The project has also facilitated SHG households in accessing the public insurance scheme; Janashree Bima Yojana (JSBY) with 357,584 households as active insured members and a very high claim settlement rate of 88 percent.
- The project team has liaised continuously with the banks and has been successful in raising the minimum amount for fresh credit to SHGs from 17,000 in 2007 to INR 75,000 in 2016.

### **4. Agriculture, Livestock, Non- farm Sectors Key Results**



- The project has reached out to more than 400,000 farmer households with a package of improved agriculture practices. Additionally, nearly 35,000 households have been supported to undertake kitchen gardening at household level for enhancing their nutrition standards. The project is also promoting seed production with more than 3000 women farmers. The project has been able to develop a robust community based extension system with more than 1000 Village Resource Persons (VRPs) providing training and extension services to small and marginal farmers. Improved package of practices has helped in increasing productivity by an average of 80-90 percent.
- The project has also been promoting Producer Groups at village level for next generation value chain interventions. As of now, there are 982 farm based PGs, of whom 790 have opened bank accounts and 684 have prepared detailed business plans. 516 PGs have been disbursed with funds worth INR 236.3 million after appraisal of their plans. More than 250 producer groups have already initiated execution of their business plans.
- The project has also introduced the novel concept of Farmer Training and Information Centers at the block level as a one stop shop that will help the farmer access a range of information and services at one place. These centers will also act as capacity building and support hubs for Community Resource Persons like VRPs and SEWs. 42 such centers have been opened up in the Phase-I blocks.
- In a recent pilot, a producer company in Purnea undertook collective aggregation and marketing of high quality maize grains and utilized the online trading platform of NCDEX for forward trading. The intervention has enabled the farmers to earn nearly 15% higher per unit price realization. For similar interventions that allow farmers access to markets and high-value agriculture commodities, JEEViKA has partnered with the Kaushalya Foundation and ACCESS Development Services.
- More than 46,000 SHG households have been linked with backyard poultry intervention, generating higher returns for the poultry farmers and also positively impacting nutritional intake at the household level. A partnership with Kegg Farms has supported the poultry intervention.
- As part of nonfarm interventions, the project is working on select incense stick clusters in Gaya and Nalanda (7000 households), beekeeping cluster in Muzzafarpur (1000 households), art and craft clusters in Muzzafarpur and Madhubani (2500 households). For the beekeeping intervention, a partnership with Dabur has provided technical support to and an ensured buy-back model for beneficiaries. For the arts and crafts interventions, a partnership with Jaipur Rugs has allowed rural women to become trained in carpet weaving. Jaipur Rugs has also put in place a buy-back agreement for those artisans that meet its quality standards.

## 5. Skills Development Key Results

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<sup>54</sup> Rotation velocity is the ratio of total loans taken by the community to the total funds available with them. Total fund available calculated as Project Investment + Bank Credit + SHG savings.



- The project has engaged multiple technical agencies and PIAs for skilling and placing youth. The project has also undertaken innovative initiatives including Post-placement tracking and Migration Resource Center to support candidates after placement.
- The project has also enabled direct linkages with private sector agencies through job fairs resulting in job placement for youth among the SHG households.
- As of now, more than 16,500 youth have been trained under the skill development initiative and nearly 75% of them have been placed in various agencies.

## **6. Health, Nutrition and Sanitation Key Results**

- Intensive behavior change communication (BCC) focused on increased awareness about health, nutrition and water, sanitation and hygiene services has also been taken up in partnership with Bill and Melinda Gates Foundation (BMGF) and the Department for International Development (DFID) in 50 blocks and nearly 43,000 SHGs have already been trained in these 50 blocks.
  - The project has also piloted innovative financing solutions to meet sanitation and nutrition needs at the village level, providing a revolving fund called Sanitation, Health and Nutrition (SHAN) fund to select Village Organizations, aimed at providing interim finance for construction of household sanitation facilities, minimizing delays from the time of demand from the community.
  - The project has introduced and scaled up a food security intervention that facilitates collective procurement of food on credit at the village level to nearly 6000 villages.
  - The project has also initiated convergence with Dept. of Social Welfare, Govt. of Bihar for promoting complementary feeding for children aged 6 months to 3 years. Under the initiative, apart from providing sensitization training to SHG members, Community Institutions are also engaged in producing fortified food mixture “Wheatamix” at two production units in Gaya and Khagaria. The fortified food mix is being supplied to ICDS for distribution in Take Home Ration (THR) at Aanganwadi centers.
7. Based on the implementation experience of the earlier project, some of the key challenges that were faced are detailed below. The new project will benefit immensely by incorporating lessons on how these challenges were successfully tackled.
8. **Development of Cluster Level Federations (CLFs):** CLFs are tertiary federations generally comprising of 25-30 Village Organizations. Under BRLP, a total of 180 CLFs have been formed so far and the older 42 blocks have been completely saturated. These CLFs are responsible for overseeing program implementation in their cluster, financial intermediation at higher level, monitor capitalization and livelihood needs of its member institutions, liaising with banks for continuous credit support, monitoring performance of Community Resource Persons and cadres and support livelihood interventions under various sub-sectors.
9. *Challenges and Way Forward:* Under the BRLP project, the first set of CLFs was formed in the year 2012 i.e. after five years of project implementation. Also initially, the project

grappled with the lack of clarity regarding roles and responsibilities of the CLF and overall lack of integration with the project interventions. However, over the last 15 months, the project has designed clear protocols and guidelines on the roles of CLFs and considerable effort has gone into nurturing and strengthening CLFs. Also, the staffing structure at the CLF level is clearer and dedicated staffs have been deployed to ensure desired handholding support. Resultantly, 66 CLFs in older blocks have moved towards operational self-sustainability generating sufficient resources to meet operational costs. The newer project areas will benefit immensely from standardized protocols already in place and CLFs in new blocks are expected to be mobilized within 18-24 months. This shall significantly reduce the time frame needed to achieve higher level outcomes contingent on CLFs.

**10. Leveraging Financing from Formal Financial Institutions:** A key aspect of the project is to leverage higher access to credit from formal financial sources. Initial catalytic investments in form of revolving funds help the SHGs in initiating inter-lending and developing a disciplined credit history which subsequently helps in leveraging higher and ongoing credit from banks. Under the Bihar Rural Livelihoods Project (BRLP), in addition to the project's direct community-level investment of INR 5.9 billion, SHGs have leveraged an additional INR 5.81 billion of institutional credit from public sector and regional rural banks.

**11. Challenges and Way Forward:** The SHG financing from Banks in Bihar is significantly lower than many southern States like Kerala and Tamil Nadu. Although the project has made substantial progress from the 2007 levels of INR 17000 per SHG to the current levels of INR 62000 per SHG, the same can be further improved. This is critical in achieving key outcomes envisaged under the project and also for long term sustainability of the groups. Continuous efforts under the BRLP and NRLP projects have brought about significant positive changes in overall policy environment and have resulted in substantial growth in SHG-Bank Linkage. This is evident from the fact that in Financial Year 2015-16, the project SHGs are expected to leverage INR 6 billion, a quantum jump from bank credit levels of INR 2.5 billion in FY 2014-15. The State Level Banker's Committee has raised the minimum amount for fresh credit to SHG to INR 75000. The project has also scaled up the *Bank Mitra* policy wherein a SHG member from the community is placed within the bank branch to liaise and coordinate bank linkage and loan repayments. Also, in newer project areas, banks have been proactive in disbursing credit to SHGs within 4-6 months of formation. All these factors have helped in ensuring a more proactive response from the banking sector. Under the new project, these best practices will be further scaled up to leverage higher institutional credit in a more efficient and effective manner.

**12. Development of Producer Organizations:** The Bihar Rural Livelihood Project has adopted an innovative approach of mobilizing producers at village level into informal producer groups at village level and their formal federations in form of Producer Companies and other similar business oriented entities at higher levels. The project has successfully mobilized more than 100,000 producers into nearly 1800 activity based Producer Groups centered on commodities like maize, vegetables, dairy and poultry. The



producer groups and their federations help in consolidated delivery of training as well as financial support to all producer households at the village level and are engaged in a range of activities across the value chain including productivity enhancement, aggregation, value addition and marketing.

13. *Challenges and Way Forward:* Producer organization as an institution were initiated by the project only in 2013. The project faced initial difficulties and hurdles in developing the protocols for their functioning and operations --such as business plans, rating of producer organizations, and access to market linkages. The implementation experience under BRLP as well as other projects indicates that it is crucial to have an institutional architecture consisting of SHGs and their federations in place before initiating large scale promotion of producer institutions. This is critical in ensuring that the farmers have sufficient exposure to key activities like production planning and accessing inputs and finance before undertaking higher level activities in the value chain. Resultantly, promotion of producer groups and their federations as a universal intervention remains a challenge. BRLP has adopted a two-track approach towards mobilizing and supporting SHG households. Firstly, productivity enhancement interventions like System of Crop Intensification and large-scale community based extension have been scaled up to reach nearly 400,000 households. These interventions have supported rural farmers in adopting better farming practices, accessing better inputs and technologies and resultantly realize gains in production. Secondly, the project has identified potential commodity clusters that have received sufficient capacity building and can undertake higher-level intervention in value chains. In such clusters, the project has mobilized producer groups around specific commodities like Milk, Poultry, Incense Stick, Honey, etc. Apart from provision of technical assistance and financial support, these PGs have also been successfully linked to formal marketing channels (*Refer to Key Agriculture, Livestock and Non-Farm Key Results*) to ensure higher share of producers in consumer price. The new project will incorporate lessons and best practices from BRLP and will adopt a similar two-track approach in delivering support services towards income enhancement for rural farmers.

#### 14. **Highlights from Major Evaluations of the BRLP**

The following section summarizes the findings of the major evaluations under the BRLP.

15. **Retrospective Impact Evaluation of BRLP (2007-2010)**, *Upumanyu Dutta, The Social Observatory – Development Research Group, World Bank, Socio-Economic Impacts of JEEViKA, a project by the Bihar Rural Livelihood Promotion Society: A Retrospective Study*; The retrospective evaluation of JEEViKA was undertaken in the year 2010 using Propensity Score Matching Method. Data collection was undertaken for a sample of over 4000 households across 6 districts focused on key envisaged outcomes in Livelihoods, Assets, Debt Portfolio, Women's empowerment and other Socio-economic indicators. Key results from the retrospective evaluation are as follows:

- 58 percent more households in treatment villages started regular savings as compared to the control villages.





- Households in treatment villages increased their ownership of Bullock by 177 percent and Cows by 59 percent.
- Duration of food shortage was found to be 27 percent lower in treatment villages as compared to control villages.
- Women from treatment villages more likely to respond to village level issues like problems with school (7 percent more), PDS (8 percent more) and Domestic Violence (15 percent more).

**16. Mid-line of BRLP Impact Evaluation- Randomized Rollout (2011-2014):** A randomized evaluation of BRLP was initiated in the year 2011, the midline for which was conducted in the year 2014. The study conducted across a sample of 4000 households in 180 panchayats of 8 districts has again showed positive results in savings behavior among treatment households apart from improved debt situation at the household level. Key results from the study are as follows:

- 74 percent households in treatment panchayats undertaking regular savings as compared to only 46 percent households in control areas.
- Households in treatment villages reported to have lesser high cost debts by an average of INR 2600 as compared to households in control areas.
- Average monthly interest rates from all sources of credit in treatment areas found to be lower by almost 0.8 percent as compared to the rates in control areas.

**17. Evaluation of the Food Security Intervention in JEEViKA (2014)** *Paul Christian, The Distributional Consequences of Group Procurement: Evidence from a Randomized Trial of a Food Security Program in Rural India:* The BRLPS has been implementing an innovative intervention called the Food Security Fund- a revolving fund provided to the Village organization to facilitate collective procurement of food grains for lean seasons. A randomized evaluation of the intervention was undertaken with a sample of more than 1500 households. Key results from the endline survey of the study are as follows:

- On an average, the weight of a five-year-old girl in treatment villages expected to be higher by about 0.52 kg as compared to that in control villages.
- 10 percent fewer households in treatment areas went to bed hungry in the last 1 month.
- SHG members in treatment villages were able to eat the desired type of food 0.4 days per week more in treatment areas than in control areas.





## **Annex 6: Economic and Financial Analysis**

1. The project would invest US\$415 million in empowering and organizing 5 million women from poor rural households, providing them with finance for economic activities and increasing skills development and employment opportunities, especially among youth. BRLP has demonstrated that this approach has successfully changed the livelihood of people. According to the impact assessments under BRLP, the project beneficiaries showed a substantive increase in economic productivity leading to sustainable income generation and poverty reduction built around five elements: diversification of income sources, asset accumulation, access to finance and services, women's empowerment, and improvement in other socio-economic indicators. The most direct benefits of the project will come from economic activities to be undertaken by the SHG members. Their economic activities will be scaled with viable market connections. Indirect benefits are expected from the improvements in living conditions such as improved nutrition, sanitation, and health, which in turn will lead to higher productivity and incremental economic activities of the project beneficiaries. Thus, the project will contribute to local economic growth as a result of the aggregate income levels of the poor, which could potentially improve revenues at local and State levels.

2. The project covers 32 districts; complementary components designed collectively ensure empowerment of the poor households through viable community organizations, enhance income and job opportunities. Given the diversity and complexity of community sub-projects, it would be difficult to predetermine a given activity and run a cost benefit analysis. Thus, the economic analysis does not attempt to evaluate all the components for their quantifiable economic and financial returns. Based on the existing data from BRLP and similar projects elsewhere in India, analyses were undertaken to determine net benefits of few potential economic activities. In this regard, attention was given to the CIF, which comprises of US\$200 million or 48 percent of total project cost; around 60 percent of this fund is set aside for productive livelihood activities. The evaluation of the CIF is based on a financial viability analysis of the four most commonly selected productive livelihood activities under BRLP, namely, backyard poultry, dairy, petty shop, and vegetable cultivation. Each of these potential activities possessed a financial return within the range of 61 to 77 percent (See Tables 8 to 11).

3. Moreover, the project is expected to contribute to improved social inclusion, improved delivery of and access to government services and entitlements. It should also be noted that the project would lead to a wide array of social, institutional, and economic benefits, mostly long term, that are not easily quantifiable.



**Table 8: Household Economic Model for Backyard Poultry (INR)**

	Year 1	Year 2	Year 3	Year 4
<b>Income</b>				
Sale of eggs	59466	111525	120782	110543
Sale of culls	0	6971	7088	3455
Sale of gunny bags	517	758	788	729
Sale of manure	679	10489	1101	1016
Total Annual Income	60662.8	120304	129760	115745
<b>Expenditure</b>				
Cost of day old chicks	4375	4375	4375	4375
Feed consumption up to laying	1445	722.5	614.1	614
Cost of feed up to laying	26010	13005	11054.2	11054
Feed consumption on during laying	2435.9	2948	3141	2948
Cost of feed during laying	38974	47179	50256.	47179
Cost of medicines, labor & misc. expenses up to laying	2040	1020	867	867
Cost of medicines, labor & misc. expenses during laying	1217.9	1474	1570	1474
Total Annual Expenditure	76498	70725	71878	685123

<b>Cost- Benefit Analysis: Poultry</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>
<b>Investment Cost</b>	45000			
<b>Annual Expenses</b>	76499	70725	71878	685123
<b>Annual Revenue</b>	60663	120304	129760	115745
<b>Annual Net Benefit</b>	-60835	49579	57882	47232

<b>Financial Internal Rate of Return</b>	<b>67%</b>
<b>Financial Net Present Value (5% discount rate) in Thousand INR</b>	75889
<b>Financial Net Present Value (5% discount rate) in Thousand US\$</b>	1265
<b>Cost Benefit Ratio (annual expenses / annual gross value) at full development</b>	55%



**Table 9: Household Economic Model for Diary (INR)**

<b>Labor management</b>	Women present in that HH
<b>Lactation Period</b>	6 months

	<b>2 Milch Animals</b>	<b>2Milch Animals + 1 female Calf + 1 Male Calf</b>	<b>2Milch Animals + 2 female Calf + 1 Male Calf</b>	<b>3 Milch Animals + 2 female Calf + 1 Male Calf</b>	<b>Total</b>
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	
<b>Income</b>					
Sale of Milk (quantity)	2880	2880	2880	4320	12960
Price per litre of milk	25	25	25	25	25
Total Revenue from Sale of milk	72000	72000	72000	108000	324000
Sale of Gunny bags (quantity)	72	72	72	108	324
Price of Gunny Bags	15	15	15	15	60
Total Revenue from Sale of Gunny Bag	1080	1080	1080	1620	4860
Revenue from Dung Cakes and Manures	6000	7000	9000	12000	34000
Income from Selling Male Calf	0	1000	1000	1000	3000
Total Revenue	82072	84072	86072	127088	379304
<b>Expenditure</b>					
Cost of feeding during lactation	28800	28800	28800	43200	129600
Cost of feeding during dry period	16414.4	16414.4	16414.4	24621.6	73864.8
Veterinary aid and AI charges	1000	1000	1000	1500	4500
Labour charges	0	0	0	0	0
Electricity and misc. charges	200	200	200	200	800
Insurance charges	0	0	0	0	0
Total Expense	46414.4	46414.4	46414.4	69521.6	208764.8



<b>Cost – Benefit Analysis: Diary</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Total</b>
<b>Investment Cost</b>	80000	0	0	0	80000
<b>Annual Expenses</b>	46414.4	46414.4	46414.4	69521.6	208764.8
<b>Annual Revenue</b>	82072	84072	86072	127088	379304
<b>Annual Net Benefit</b>	-44342.4	37657.6	39657.6	57566.4	90539.2

<b>Financial Internal Rate of Return (4 years)</b>	<b>77%</b>
<b>Financial Net Present Value (5% discount rate) in Thousand INR</b>	73543.4
<b>Financial Net Present Value (5% discount rate) in Thousand US\$</b>	1225.7
<b>Cost Benefit Ratio (annual expenses / annual gross value) at full development</b>	55%



**Table 10: Household Economic Model for Petty Shop (INR)**

<b>Production period (months)</b>	12
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<b>Output</b>	
Price per unit of output	INR 5
<b>Revenue</b>	<b>INR 131040</b>
Intermediate inputs	INR 109200
Total Cost of Hired Labor	INR 0
Imputed Cost of Own/Family Labor	INR 15600
<b>Profit</b>	<b>INR 6240</b>
Total Family Labor	pers. days 1
Total Labor (Hired + Family)	pers. days 1

<b>Cost – Benefit Analysis: Petty Shop</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
<b>Investment Cost</b>	20000	21000	23100	26565	31878	39847.5	51801.7	69932.3	97905	141962
<b>Annual Expenses</b>	124800	131040	144144	165765.6	198918.7	248648.4	74594.5	100702.6	140983.6	204426
<b>Annual Revenue</b>	131040	137592	151351.2	174053.9	208864.7	261080.8	339405.1	458196.8	641475.5	930139
<b>Annual Net Benefit</b>	-13760	-14448	-15892.8	-18276.7	-21932.1	-27415.1	213008.8	287561.9	402586.6	583750

<b>Financial Internal Rate of Return (10 years)</b>	<b>61%</b>
<b>Financial Net Present Value (5% discount rate) in Thousand INR</b>	871281.2
<b>Financial Net Present Value (5% discount rate) in Thousand US\$</b>	14521
<b>Cost Benefit Ratio (annual expenses / annual gross value) at full development</b>	22%



**Table 11: Household Economic Model for Vegetable Cultivation (INR)**

Input Costs (for 0.10 ac of land) (INR)	Per season	Per year
Human labor	3326.6	6653.3
Seeds	494.2	988.4
Farmyard Manure	741.3	1482.6
Fertilizers	988.4	1976.8
Plant protection	2996.1	5992.3
Total Expenditure	8546.7	17093.5

Investment Cost - capital costs (INR)	20,000.00
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	Per season	Per year
Output (qtl)	30	60
Output after post-harvest losses (30%) (qtl)	21	42
Price per unit of output (INR)	600	600
Total Revenue (INR)	12600	25200

Cost- Benefit Analysis Vegetable Cultivation	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Investment Cost	20000					
Annual Expenses	17093.5	17093.5	17093.5	17093.5	17093.5	17093
Annual Revenue	25200	25200	25200	25200	25200	25200
Annual Net Benefit	-11893.5	8106.5	8106.5	8106.5	8106.5	8106.5

Financial Internal Rate of Return	62%
Financial Net Present Value (5% discount rate) in Thousand INR	22098
Financial Net Present Value (5% discount rate) in Thousand US\$	368