

**POST-TSUNAMI SUSTAINABLE LIVELIHOODS
PROGRAMME FOR THE
COASTAL COMMUNITIES OF TAMIL NADU**

(IFAD Loan 662-IN)

APPRAISAL REPORT

(Implementation Edition)

Main Report and Annexes

INDIA

POST-TSUNAMI SUSTAINABLE LIVELIHOODS PROGRAMME FOR THE COASTAL COMMUNITIES OF TAMIL NADU

DESIGN DOCUMENT

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CURRENCY EQUIVALENTS

Currency Unit	=	Indian Rupee (INR)
USD 1.00	=	INR 43.54
INR 1.00	=	USD 0.022966

WEIGHTS AND MEASURES

1 kilogram	=	2.204 lb
1 000 kg	=	1 metric ton (mt)
1 kilometre (km)	=	0.62 mile
1 metre	=	1.09 yards
1 square metre	=	10.76 square feet
1 acre	=	0.405 hectare
1 hectare	=	2.47 acres

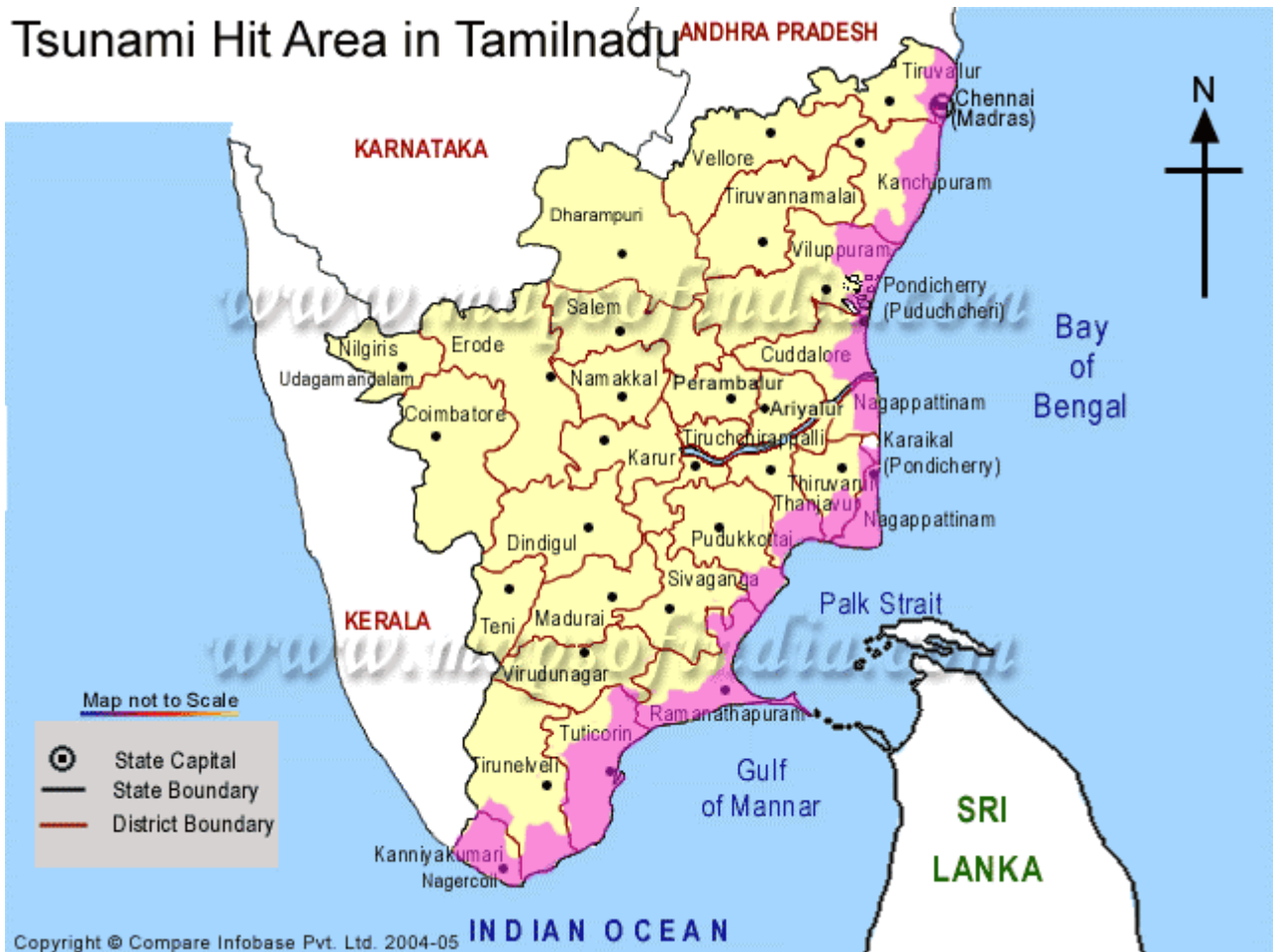
FISCAL YEAR

1st April – 31st March

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
COSOP	Country Strategic Opportunities Paper
CRC	Cluster Resource Centre
DEA	Department of Economic Affairs
DIO	District Implementation Office
DSMS	District Supply and Marketing Society
FMS	Fish Marketing Societies
FRP	Fibre-Reinforced Plastic
GDP	Gross Domestic Product
GNI	Gross National Income
GNP	Gross National Product
GOI	Government of India
GOTN	Government of Tamil Nadu
IFAD	International Fund for Agricultural Development
INM	Integrated Nutrient Management
IPM	Integrated Pest Management
M&E	Monitoring and Evaluation
MFIs	Micro-Finance Institutions
NABARD	National Bank for Agriculture and Rural Development
NCB	National Competitive Bidding
NGO	Non-governmental Organization
PCR	Project Completion Review
PMU	Project Management Unit
PTSLP	Post-Tsunami Sustainable Livelihoods Programme for the Coastal Communities of Tamil Nadu
RDD	Rural Development Department
SHG	Self-help Group
SIFFS	South Indian Federation of Fishermen's Societies
SOE	Statement of Expenditure
TNWS	Tamil Nadu Welfare Society for Self Help Groups
USD	United States Dollar
WDC	Women's Development Corporation

Map of the tsunami-affected areas of Tamil Nadu



Source: <http://www.mapsofindia.com/maps/tsunami-in-india/earthquake/tamilnadu.html>

INDIA

**POST-TSUNAMI SUSTAINABLE LIVELIHOODS PROGRAMME FOR THE COASTAL
COMMUNITIES OF TAMIL NADU**

DESIGN DOCUMENT

PROJECT SUMMARY

Project:	Post-Tsunami Sustainable Livelihoods Programme for the Coastal Communities of Tamil Nadu (PTSPLP)
Dates:	Damage Assessment and Livelihood Rehabilitation Strategy Mission: February 2005 Formulation-cum-Appraisal Mission: April 2005
Location:	6 districts in Tamil Nadu, southern India
Implementing agencies:	Department of Rural Development, Government of Tamil Nadu, Tamil Nadu Welfare Society for Self Help Groups and District Supply and Marketing Societies.
Other agencies involved:	Other government departments, NGOs and service providers
Goal and objective:	The overall objective (goal) of the project would be to build self-reliant coastal communities, resilient to shocks, and able to manage their livelihood base in sustainable manner. This would be achieved via the immediate objective (purpose) of developing viable enterprises and resource management systems, owned and operated by poor men and women in the region affected by the tsunami, and supported by community and other appropriate institutions.
Targeting	Coastal dwellers (in villages directly or indirectly affected by the tsunami) including: (i) coastal fishers using beach launched craft; (ii) wage labour employed in the fisheries and agricultural sectors; (iii) small-scale women fish vendors and processors; (iv) small and marginal farmers; and (v) other marginalised occupation groups (e.g. seashell workers). Within these occupational groups the project will attempt to focus on single adult-headed households (especially widows and widowers), Scheduled Castes and Scheduled Tribes.
Number of beneficiaries:	Population of 200 villages covered: 630,000 (140,000 households), of which 64,000 will be members of project groups.
Outputs:	The project outputs envisaged are: (i) community resource planning and infrastructure development; (ii) financial instruments and innovations (venture capital fund, micro-credit for SHGs, insurance and disaster funds, financial innovation); (iii) fully functioning and equitable SHGs and SHG federations; (iv) fish marketing societies; (v) up-scaling of micro-enterprises with market linkages; and (vi) vocational training for youth and for fishers.

- Components: The project would have five components: (i) coastal area resource management; (ii) rural finance and risk transfer instruments; (iii) employment generation and skills training; (iv) community based sea safety and disaster management; and (v) programme management
- Costs and financing: Total cost is estimated at USD 68.7 million, of which USD 30.0 million funded via an IFAD loan, USD 24.9 million by banks and MFIs lending to community organisations and micro-enterprises; USD 3.5 million by the Government of Tamil Nadu (largely for taxes on project input costs, plus a proportion of civil works, staff and operating costs); and USD 10.4 million by beneficiaries (as their labour contribution for community infrastructure and savings used for lending by SHGs).

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POST-TSUNAMI SUSTAINABLE LIVELIHOODS PROGRAMME FOR THE COASTAL COMMUNITIES OF TAMIL NADU

DESIGN DOCUMENT

PROJECT LOGFRAME

Narrative summary	Indicators	Means of verification	Risks
<p>Goal Self-reliant coastal communities, resilient to shocks, and able to manage their livelihood base in sustainable manner.</p>	<p><u>*Increased household assets</u> (& assets owned by women) <u>*Reduced stunting of children</u> <u>Improved housing & sanitation</u> <u>Improved food security</u></p>	<p>Baseline and impact surveys Anthropomorphic surveys</p>	<p>Dependence on external support continues in post-tsunami period.</p>
<p>Purpose Viable enterprises and resource management systems, owned and operated by poor men and women in the region affected by the tsunami, and supported by community and other appropriate institutions.</p>	<p>Number of enterprises established Increase in income from enterprises</p>	<p>Process monitoring Baseline & impact surveys Thematic studies</p>	<p>Increase in fishing pressure resulting in declining catches. Local economy stagnates</p>
<p>Components /Outputs</p>			
<p>1. Coastal Areas Resource Management <u>1.1 Community resource planning</u> Traditional institutions involved in micro-planning, needs prioritisation, and environmental management. Community infrastructure developed <u>1.2 Fisheries resource management</u> Communities develop management strategies & voice needs in policy formulation. <u>1.3 Project support</u> Local government and NGOs engaged in project support</p>	<p>No. of villages developing and implementing micro-plans No. of villages developing infrastructure No. village with resource plans No. of villages where activities well coordinated</p>	<p>Process monitoring Project activity reporting Process monitoring Project activity reporting Project activity reporting</p>	<p>Traditional institutions not responsive to new roles Government assumes all planning roles. Large number of NGOs and other initiatives makes coordination difficult</p>
<p><i>Activities (targets)</i></p>	<p><i>KEY INPUTS</i></p>	<p><i>Cost</i></p>	
<p><u>1.1 Community resource planning</u> Participatory resource planning and infrastructure funds for 200 villages <u>1.2 Fisheries resource management</u> Workshops, studies and awards <u>1.3 Project support</u> Workshops, village coordination, training Cluster resource centres</p>	<p>Mapping and workshops Construction activities Resource workshops at cluster (210) and state level (4). Studies (14) and awards for responsible fisheries Workshops (240) for local government and NGO staff Village coordination activities Overseas exposure visits (30 persons) Cluster resource centres (30) set up and operated</p>	<p>USD 9.9m</p>	

Narrative summary	Indicators	Means of verification	Risks
<p>2. Rural finance and Risk Transfer Instruments</p> <p><u>2.1 Venture capital fund</u> Investment in new micro and small enterprises</p> <p><u>2.2 Micro-credit for SHGs</u> SHGs & societies access finance from banks and MFIs MFIs open local offices</p> <p><u>2.3 Risk management and reduction</u> Insurance schemes developed and implemented Disaster funds established by community organisations Communities and NGOs understand insurance products</p> <p><u>2.4 Financial innovation</u> New savings and lending products developed and tested</p>	<p>No. of investments and amount</p> <p>MFI lending volume and net income No. of SHGs accessing bank or MFI finance No. of people trained</p> <p>Proposals for insurance and other risk management instruments</p> <p>Proposals for new products</p>	<p>Process monitoring</p> <p>Project activity reporting Process monitoring</p> <p>Project activity reporting</p> <p>Project activity reporting</p>	<p>Fund manager fails to sell concept to entrepreneurs</p> <p>Banks loose interest in lending to SHGs. SHG repayment culture weakens</p> <p>Interest rate margin not viable for MFI lending. Not possible to identify viable insurance proposals Communities unwilling to use resources for disaster funds.</p>
<i>Activities (targets)</i>	<i>KEY INPUTS</i>	<i>Cost</i>	
<p><u>2.1 Venture capital fund</u> Fund established in a commercial bank</p> <p><u>2.2 Micro-credit for SHGs</u> Development of NGO-MFI-SHG linkages</p> <p><u>2.3 Risk management and reduction</u> Development of products Disaster funds, training on insurance products</p> <p><u>2.4 Financial innovation</u> Funding of product development, PO linkage Studies into sub-sector finance</p>	<p>Capital for venture capital fund Bank staff trained and bank-NGO-MFI-SHG coordination MFIs supported to open local offices Studies, support for insurance companies, pilots Matching grants, training for 150,000 people</p> <p>Funding of product development, PO linkage Finance studies</p>	<p>USD 36.1m</p>	
<p>3. Employment Generation and Skill Training</p> <p><u>3.1 Support for self-help groups</u> Fully functioning and equitable SHGs SHG federations or other apex bodies support SHGs</p> <p><u>3.2 Strengthening existing IGAs</u> SHG members develop skills and adopt new technologies</p> <p><u>3.3 Fish Marketing Societies</u> Fish Marketing Societies & associations provide marketing, credit and savings services. Beach landing & marketing infrastructure reduces waste & costs</p> <p><u>3.4 Micro-enterprise development</u> Groups and entrepreneurs have skills and knowledge for enterprise development, and adopt new technologies Market opportunities identified and market linkages formed</p> <p><u>3.4 Vocational training</u> Youths access skilled jobs in technical sectors, fishers learn new</p>	<p>No. SHGs (m/f) reaching rating mileposts.</p> <p>No. of people trained and adopting new technologies.</p> <p>No. of societies trading profitably No. of societies with infrastructure</p> <p>No. of m-e established by m/f No. of new markets accessed</p> <p>No. of youth (m/f) finding work</p>	<p>Bank and MFI reports</p> <p>Process monitoring</p> <p>Process monitoring (& society accounts)</p> <p>Process monitoring</p> <p>Process monitoring Process monitoring</p>	<p>Policy towards SHGs and other institutions not conducive to building self-reliance People in temporary housing unable take up self-employment Government policy not favour producer societies Market opportunities fail to materialise.</p> <p>Target group not motivated to invest in new enterprises.</p>

Narrative summary	Indicators	Means of verification	Risks
fishing methods.	No. boats using new methods		Economy not able to create new jobs
<i>Activities (targets)</i>	<i>KEY INPUTS</i>	<i>Cost</i>	
<u>3.1 Support for self-help groups</u> SHGs and SHG Federations supported (set up if needed) <u>3.2 Strengthening existing IGAs</u> Training, workshops, agricultural demonstrations <u>3.3 Fish Marketing Societies</u> Societies formed and supported, district associations established Beach landing and marketing infrastructure development <u>3.4 Micro-enterprise training</u> Support for micro-enterprise development <u>3.5 Vocational training</u> Youths provided with six-month training courses. Training and workshops on fishing skill enhancement Training needs and resource assessment	3000 SHGs trained, 30 SHG federations supported SHG members (54,000) trained, demonstrations (200) Market linkage workshops (540) 50 societies formed, trained and supported, District associations (3) established Construction and procurement of infrastructure Enterprise development training for 12,000 entrepreneurs, supported by follow-up visits. Technology demonstrations (120), Overseas training for 120 entrepreneurs. Sub-sector/market studies (30), Market linkage workshops (2000) Market linkage visits (500) 6000 youths trained 2000 fishers trained	USD 18.1m	
4. Community based sea safety and disaster management <u>4.1 Promotion of sea safety</u> Improved safety at sea <u>4.2 Support for coastal schools</u> School children learn about disaster preparedness, and the coastal and marine environment.	No. of boats with mobile phones No. of schools and children supported	Process monitoring Project activity reporting	Mobile phones at sea cannot access networks.
<i>Activities (targets)</i>	<i>KEY INPUTS</i>	<i>Cost</i>	
<u>4.1 Promotion of sea safety</u> Community level activities <u>4.2 Support for coastal schools</u> Education on disaster preparedness and environment	Subsidy on mobile phones, training and publicity Workshop on education and environment, Teaching materials: 500 schools Workshops; teachers (30), children (500)	USD 0.5m	
5. Programme management Project management and coordination		Project reports	
<i>Activities</i>	<i>KEY INPUTS</i>	<i>Cost</i>	
Coastal Community Development Society Project Management Unit	PMU with M&E Unit (1), District Implementation Office (6)	USD 4.2m	

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KEY FILES

Key File 1: Rural Poverty and Fisheries Sector Issues

Priority areas	Affected group	Major issues	Actions needed
Reducing catch per unit effort	Fishers with both artisanal fishing crafts and mechanised crafts	Increase in mechanised and motorised fishing crafts. Inadequate focus on resource management	Build capacity to understand the implications of unregulated fishing activity. Facilitate the process of building consensus around common minimum resource management measures. Community ownership of enforcement measures related to closed seasons, mesh size regulations, use of destructive fishing gear etc. Facilitating the community to feed into the fisheries policy development process of the government.
Women at the bottom of value chain in the fishery industry	Women fish vendors Small scale fish processors	Inadequate access to capital SHG capacity inadequate High post-harvest losses due to inadequate storage and processing facility Inadequate basic marketing and processing infrastructure	Strengthening SHGs and their federations to help access funding from financial institutions. Provide storage and marketing facilities. Assist in value addition through training.
Marginalised groups (Dalits and Irulas) relying on subsistence fishing in the backwaters and estuaries	Dalits and Irulas	No collective bargaining power to access services from the government Inability to access funding for consumption smoothening as well as for income generating activities. Living conditions much lower than the coastal fishing community. Limited opportunities for diversification into other livelihood activities.	Through community resource micro-planning, get fair access to sea fishing for fishers now restricted to backwaters. Form SHGs wherever required and strengthen them to help access funding from financial institutions. Training and workshops in income generating activities. Support for micro-enterprise development with substantial hand-holding support.
High indebtedness and inability to access formal financial institutions	Fishermen Women Crew members	High non-performing assets and banks unwilling to lend to fishing enterprises. Debt-bonded to the auctioneer / middlemen resulting in reduction in prices at the first point of sale.	Develop community based financial services linked to marketing via Fish Marketing Societies. Develop SHGs to access funding from financial institutions for those not owning fishing craft. Sensitive bankers on the special needs of the fishing community.
Inadequate attention to the role of coastal	Coastal communities	Depletion of mangrove and coastal fringe forests. Flattening of sand dunes.	Develop community owned and managed interventions related to sand dune stabilisation, regeneration of coastal forests, erosion control

Priority areas	Affected group	Major issues	Actions needed
ecology in disaster preparedness			measures, etc. Increase awareness of the coastal communities particularly children on the need to protect the coastal environment.
Inadequate risk mitigation measures	Fishers both artisanal and mechanised	High premium for insuring fisheries related assets. Disinterest of insurance companies to insure fishing crafts. High rate of accidents and death – high risk perception at sea.	Development of insurance products that provide value for money to the policy holder with adequate safeguards to the insurer. Cost effective and efficient communication means between land and sea.
Limited efforts to diversify /upgrade fishing skills to harvest fish resources responsibly.	Fishermen	High pressure on known commercial species leading to resource depletion.	Skills training to harvest under-utilised resources and in responsible harvesting of fisheries.
Limited opportunities for diversifying livelihood options	Youth Subsistence fishermen women	Education system not geared to self employment. Inadequate exposure to other income generating activities. Limited skills for taking up other income generating activities. Inadequate access to financial resources. Lack of backward and forward linkages for development of micro-enterprises.	Vocational training for the youth. Training and exposure to income generating activities. Provide access to credit and facilitating support for micro-enterprise development. Conduct systematic survey and analysis of sub-sectors that hold potential for development of micro-enterprise. Facilitate development of enterprises to provide backward and forward linkages.

Key File 2: Organisation Capabilities Matrix

ORGANISATION	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
Enablers				
Government technical departments (Agriculture, Fisheries etc.)	<ul style="list-style-type: none"> Quick Start up Clear Line of Command Continuity Technical expertise 	<ul style="list-style-type: none"> Lack of Flexibility in management systems High staff turnover Dilution of focus on targeting marginalised. Complex procedures and bureaucratic delays in taking decisions and slower pace of implementation. Top down and delivery oriented approach. Limited experience working with NGOs. 	<ul style="list-style-type: none"> Ability to leverage with other lenders and donors. Easier coordination within the government line departments. 	<ul style="list-style-type: none"> Political uncertainties Political interference
Tamil Nadu Women's Development Corporation (Department of Social Welfare)	<ul style="list-style-type: none"> Quick Start up Clear Line of Command Continuity Ability to work with diverse NGOs Long experience in supporting SHGs 	<ul style="list-style-type: none"> Standardised delivery systems Partnership mode of working with NGOs yet to emerge. Tend to promote collective rather than individual enterprises for SGH members 	<ul style="list-style-type: none"> Ability to leverage with other donor funded projects. Easier coordination within the government line departments. 	<ul style="list-style-type: none"> Political interference Political uncertainties
Department of Rural Development	<ul style="list-style-type: none"> Quick Start up Clear Line of Command Continuity Broader remit than WDC Experience of implementing poverty alleviation programmes 	<ul style="list-style-type: none"> Standardised delivery systems, some of which emphasis subsidies – so slowing the development of self-reliance. Limited experience of working with NGOs 	<ul style="list-style-type: none"> Ability to leverage with other donor funded projects –especially the ADB tsunami livelihoods programme Easier coordination within the government line departments. 	<ul style="list-style-type: none"> Political interference Political uncertainties
District Collectorates	<ul style="list-style-type: none"> Ability to coordinate work of the line departments at the district level. Power and accountability at the level of District Collectors leading to personal supervision. 	<ul style="list-style-type: none"> High turnover of District Collectors limits ability to focus of long term development interventions. Depends on the quality and capability of person heading the district. 	<ul style="list-style-type: none"> Ability to leverage with other lenders and donors. Easier coordination within the government line departments. 	<ul style="list-style-type: none"> Political interference Political uncertainties
Service Providers				
NGOs	<ul style="list-style-type: none"> Flexible management systems with scope for innovation and ability to respond to dynamic and evolving situations. Closer to people with ability to respond to the needs of the community in a participatory mode. 	<ul style="list-style-type: none"> Inadequate technical competency. Limited accountability. Limited organizational and management capability 	<ul style="list-style-type: none"> Fast expansion. 	<ul style="list-style-type: none"> Financial/Funding Uncertainty Limited second line management capability. Possible Hostility between village / block/district level

ORGANISATION	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
				government officials and NGO staff
Consultants	<ul style="list-style-type: none"> Strong technical capacity 	<ul style="list-style-type: none"> No accountability No long term commitment Expensive 	<ul style="list-style-type: none"> Easy to hire and terminate the contract based on performance 	<ul style="list-style-type: none"> Possible personal interest clashes.
Community Institutions				
SHGs	<ul style="list-style-type: none"> Enhances capacity of the members to deal with the people, institutions and markets. Savings driven and not credit delivery driven. Internalises transaction costs and enhances ability of members to access loans. 	<ul style="list-style-type: none"> Strong handholding support required during initial stages. Driven by group cohesion achieved by rigorous grassroots level work which is time consuming. 	<ul style="list-style-type: none"> Ability to leverage on the savings mobilised and access loans at market rates of interest. Ability to provide cost effective delivery of services related to upscaling livelihood options. Ability to mobilise the community for social sector issues. 	<ul style="list-style-type: none"> SHGs being increasing used by the government machinery towards delivery of schemes that undermine credit culture of the SHGs. High chances of politicisation of the members as a result of government driven bank linkage programme.
Artisanal Fisher Societies	<ul style="list-style-type: none"> Marketing oriented and reduces the dependence of fishermen on auctioneer and middlemen. Easy access to banks due to the ability of members to demonstrate repayment capacity in terms past history. 	<ul style="list-style-type: none"> Membership restricted to owners of boats. No participation of crew members and women. 	<ul style="list-style-type: none"> Replication is a possibility 	<ul style="list-style-type: none"> Possibility of government intervention in the working of the societies in the event the existence of government promoted cooperatives are threatened.
Cooperatives	<ul style="list-style-type: none"> Able to deliver government programmes on social security. 	<ul style="list-style-type: none"> Government controlled and managed. No cooperatives culture in real sense 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Ability to create dependence syndrome in the community.
Traditional Institutions	<ul style="list-style-type: none"> Cohesive and democratic Transparent system of management. Effective community contribution collection and utilisation system 	<ul style="list-style-type: none"> Represented by only men. 	<ul style="list-style-type: none"> Ability to mobilise the community and enforce discipline 	<ul style="list-style-type: none"> Can become parochial as it is caste based.

Key File 3: Complementary Donor Initiative/Partnership Potential

DONOR/ AGENCY	NATURE OF PROJECT/PROGRAMME	PROJECT/PROGRAMME COVERAGE	STATUS	COMPLEMENTARITY/ SYNERGY POTENTIAL
The World Bank	<ul style="list-style-type: none"> Emergency Tsunami Reconstruction Project. \$649 million. Of this USD 581.3 million is for housing in Tamil Nadu and Pondicherry, USD 32.1 million for restoration of livelihoods, USD 17.4 million for public building and works, USD 13.0 million for technical assistance and training, and USD 5.3 million for implementation support. 	<ul style="list-style-type: none"> All affected districts covered. Livelihood component for restoration of fishing infrastructure (ports and harbours), restoration of aquaculture ponds, restoration of farm lands, repair and up-grading of veterinary services. Also will fund re-establishment of safety-at-sea systems, fisheries policy development and coastal zone management. 	<ul style="list-style-type: none"> Expected to start soon and run for 2-3 years 	<ul style="list-style-type: none"> Overall highly complementary with the IFAD project Reestablishment of safety at sea systems by the World Bank project would complement proposed community based sea safety activities. The micro-planning exercise and the community fisheries resource management will complement the higher level policy studies of the World Bank funded project. IFAD project is a long term process oriented project and will be able to build on the short-term and relief and restoration oriented World Bank project.
Asian Development Bank	<ul style="list-style-type: none"> Tsunami Emergency Assistance Project: USD 200 million in loan & grants for municipal and rural infrastructure (roads, water, power, markets etc) and livelihoods in Tamil Nadu and Kerala. 	<ul style="list-style-type: none"> All affected districts are covered. USD 53 m for livelihoods in TN: (i) restoring livelihoods of existing SHGs; (ii) replacement of productive assets of existing SHGs, (iii) formation of new SHGs; (iv) skills upgrading; and (v) risk mitigation through available life and property insurance schemes; (vi) restoring community based infrastructure; and (vii) technical support 	<ul style="list-style-type: none"> Expected to start soon and run for 3 years 	<ul style="list-style-type: none"> Some risk of duplication/overlap with the IFAD project. Exact modality of support for SHG is not specified, but seems to focus more on post-tsunami restoration rather than long term development. Seems little scope for formation of more SHGs. IFAD project would move beyond mere SHG development and assist the SHG in pursuing economic development trajectory by adopting sub-sector business approach to micro-enterprise development. IFAD project is a long term process oriented project and will be able to build on the short-term and relief and restoration oriented ADB project.
The World Bank	<ul style="list-style-type: none"> Empowerment and Poverty Alleviation Project – support local government and SHGs – planned before tsunami. USD 159 million 	<ul style="list-style-type: none"> 15 districts in Tamil Nadu, including some coastal districts 	<ul style="list-style-type: none"> Start June 2005 and run for 6 years 	<ul style="list-style-type: none"> Risk of duplication/overlap with SHG support in both ADB and IFAD projects should be avoided if different villages selected.
International NGOs – CARITAS, Oxfam, CARE, etc.	<ul style="list-style-type: none"> Rehabilitation of Tsunami affected households 	<ul style="list-style-type: none"> All affected districts 	<ul style="list-style-type: none"> Activities started 	<ul style="list-style-type: none"> Difficult to develop synergy due to multitude of institutions involved in implementation. The risk of overlap is minimized by IFAD project establishing Cluster Resource Centers at the grassroots level so that during implementation synergies can be worked out.

Key File 4: Target Group Priority Needs and Project Proposals

TYOLOGY	POVERTY LEVELS AND CAUSES	COPING ACTIONS	PRIORITY NEEDS	PROJECT RESPONSE
Scheduled castes and tribes	<ul style="list-style-type: none"> Historically marginalized groups, socially and economically. Many are extremely poor relative to fishing communities. Lack access to resources and often overlooked by development agencies. Tribal and dalit communities fish in backwaters effected by pollution. Small crabs and shrimps caught sell at low prices - poor marketing linkages 	<ul style="list-style-type: none"> Alternative income sources such as chickens, goats, petty trade, agriculture labour Some work as boat crew – see below Borrow for consumption purposes from informal sources. 	<ul style="list-style-type: none"> Access to credit and savings services Access to clear fishing rights Reduced damage to backwater fishery from pollution Better marketing of backwater catch 	<ul style="list-style-type: none"> Improve availability of credit via SHGs Community level resource planning and fisheries management to provide equitable access to managed fishery. Community pressure to reduce pollution by industry and urban areas. Mari-culture to fatten under-sized crabs etc.
Fishing boat crew members	<ul style="list-style-type: none"> Seasonal and uncertain income. Paid a share of catch, and catch per boat is declining with increased fishing pressure 	<ul style="list-style-type: none"> Some have access to subsidised savings schemes for off-season income – but this insufficient. Migrate to find work in other fisheries, within and outside country. Borrow for consumption purposes from informal sources 	<ul style="list-style-type: none"> Access to credit and savings services Alternative livelihoods, especially for next generation 	<ul style="list-style-type: none"> Improve availability of credit, savings via SHGs/ organisations of crew Provide training in alternative livelihoods Vocational training for occupations in the modern economy.
Small-scale fish vendors & processors (mainly women)	<ul style="list-style-type: none"> Access to fish declining. Higher quality fish sold to larger traders for “export”. Loss of quality and value due to lack of storage and other facilities at landing centres, time taken to reach market and unhygienic processing methods- low profit margins Poor access to credit. 	<ul style="list-style-type: none"> Take low paid wage employment in fish sorting, drying and processing Borrow for purchasing fish at auctions and for consumption purposes from informal sources 	<ul style="list-style-type: none"> Access to credit and savings services Improved methods of fish storage and processing, reducing marketing losses Better facilities at landing centres Invest in larger and more capital-intensive enterprises 	<ul style="list-style-type: none"> Improve availability of credit via SHGs Promotion of larger micro-enterprises via capital, training and other support. Introduction of improved processing and marketing technologies together with training and forward and backward linkages.
Owners of non-motorised fishing boats	<ul style="list-style-type: none"> Increasing pressure on inshore fishery due to competition, particularly from trawlers. Unable to travel far at sea to find fish Seasonal and uncertain income Negative impact of trawling, 	<ul style="list-style-type: none"> Work as crew within and outside the state Borrow for consumption purposes from informal sources 	<ul style="list-style-type: none"> Effective resource management Access to credit and savings services Improved terms of access to fish markets Assured access to in-shore fishery Alternative livelihoods such as low-impact mari/aqua-culture 	<ul style="list-style-type: none"> Fish Marketing Societies to improve terms of trade and access to credit and savings services Improve landing and storage facilities, handling practices, to improve prices obtained Community level fisheries

TYPOLOGY	POVERTY LEVELS AND CAUSES	COPING ACTIONS	PRIORITY NEEDS	PROJECT RESPONSE
	destruction of mangroves, pollution etc. on inshore resources and spawning ground <ul style="list-style-type: none"> • Lower prices, as large catches by mechanized sector depress market prices • Accidents/ deaths at sea 		<ul style="list-style-type: none"> • Improved communication with land 	resource management to reserve resources for non-motorised craft (e.g. up to 3 miles). <ul style="list-style-type: none"> • Introduce new enterprises and livelihoods • Explore feasibility of using mobile phones for communication with land
Owners of small motorised fishing boats	<ul style="list-style-type: none"> • Increasing pressure on inshore fishery due to competition, both over space and resources, from trawlers • Negative impact of trawling, destruction of mangroves, pollution etc. on inshore resources and spawning grounds • Increasing input costs • Accidents/ deaths at sea • Seasonal and uncertain income • Few options for marketing, especially if have loan from fish buyers 	<ul style="list-style-type: none"> • Work as crew within and outside the state • Borrow to invest in boats and gear from money lenders and fish buyers 	<ul style="list-style-type: none"> • Effective resource management • Better access to markets on equitable terms • Access to credit and capital • Reduce fishing pressure. • Improved communication with land 	<ul style="list-style-type: none"> • Fish Marketing Societies to improve terms of trade and access to credit and savings services • Improve landing and storage facilities, handling practices, to improve prices obtained • Community level fisheries resource management, and providing inputs to policy • Training in responsible fisheries and in new fishing methods to diversify fishing pressure • Explore feasibility of using mobile phones for communication with land

Key File 5: Stakeholder Matrix/Project Actors and Roles

COMPONENT	SUB-COMPONENT	PERENNIAL INSTITUTIONS INVOLVED	POTENTIAL CONTRACTORS/ PERIODIC INPUTS	OTHER POSSIBLE PARTNERS IN EXECUTION
1. Coastal Areas Resource Management	<u>1.1 Community resource planning</u> <u>1.2 Fisheries resource management</u> <u>1.3 Project support</u>	Traditional community organisations Local government (Panchayat) NGO contracted to manage Cluster Resource Centres	NGO or consultant contracted to carry out initial resource mapping and studies on fisheries management issues. Suppliers / contractors for community infrastructure Department of Fisheries re: fishery policy workshops PMU to organise higher level workshops	Overseas organisations assist in exposure visits
2. Rural finance and Risk Transfer Instruments	<u>2.1 Venture capital fund</u> <u>2.2 Micro-credit for SHGs</u> <u>2.3 Risk management and reduction</u> <u>2.4 Financial innovation</u>	Manager of venture capital fund (financial institution) Self-Help groups Banks MFIs	Insurance companies Consultants undertake studies into risk mitigation and financial innovation	Overseas organisations assist in exposure visits
3. Employment Generation and Skill Training	<u>3.1 Support for self-help groups</u> <u>3.2 Strengthening existing IGAs</u> <u>3.3 Fish Marketing Societies</u> <u>3.4 Micro-enterprise development</u> <u>3.4 Vocational training</u>	SHGs and SHG federation or other apex body NGOs contracted to train and support groups Fish Marketing Societies Support from SIFFS Technical NGOs or companies Technical training institutes Fishery training organisations	Other technical service providers Suppliers / contractors for marketing infrastructure BDS training/support organisations Private sector companies	Other projects providing training and technical support Overseas technology and training providers
4. Community based sea safety and disaster management	<u>4.1 Promotion of sea safety</u> <u>4.2 Support for coastal schools</u>	Cluster Resource Centres / PMU Local Schools	Consultants carry out studies Agreement with phone companies Consultants for workshops, development of teaching material	World Bank sponsored safety-at-sea systems Dept. of Education, Dept of Environment
5. Programme management	Coastal Community Development Society Project Management Unit M&E Unit and activities(1) District Implementation Office (6)	Department of Rural Development PMU DOI	Consultants or research institutes for M&E studies	

Key File 6: Expenditure Accounts by Components (USD '000)

	Coastal Areas Resource management		Rural Finance and Risk Transfer Instruments					Employment Generation & Skills Training					Community Based Sea Safety & Disaster Management					Total		
	Community Resources Planning	Fisheries Community Resources Management	Community Infra-structure Fund	Support		Product Development and Incremental Credit Fund	Support for Self Help Groups (SHGs)	Support for Income Generation Activities (IGA)	Fish Marketing Societies	Micro Enterprise (MED)	Vocational Training	Support		Project Management Unit	Project District Offices	Project Monitoring & Evaluation				
				Capital Fund	Banks and MFIs							Promotion of Sea Safety	Schools							
				Risk Mitigation	Innovations															
I. Investment Costs																				
A. Civil Works	-	-	-	-	-	-	-	-	-	7,042	-	-	-	-	-	-	-	7,042		
B. Infrastructure Fund	-	-	528	5,944	-	-	-	-	-	-	-	-	-	-	-	-	-	6,471		
C. Venture Capital Fund	-	-	-	809	-	-	-	-	-	-	-	-	-	-	-	-	-	809		
D. Incremental Credit Fund	-	-	-	-	-	-	33,635	-	-	-	-	-	-	-	-	-	-	33,635		
E. Revolving Fund	-	-	-	-	-	-	-	-	-	603	-	-	-	-	-	-	-	603		
F. Disaster Management Fund	-	-	-	-	-	327	-	-	-	-	-	-	-	-	-	-	-	327		
G. Vehicles	-	94	-	-	-	-	-	-	-	-	-	-	-	-	13	109	23	238		
H. Equipments	-	121	-	-	-	-	-	-	-	-	-	-	66	-	16	61	9	272		
I. Training, Workshops & Demonstrations	12	118	84	-	37	416	3	425	994	-	3,265	2,340	12	406	41	54	-	8,207		
J. National TA, Studies & Reviews	278	-	29	-	-	-	27	38	-	-	387	6	2	6	2	-	96	871		
K. International TA & overseas visits	37	-	-	-	50	70	24	-	-	-	236	-	-	-	-	-	-	418		
L. Contracted Service Providers	-	-	-	-	240	217	240	-	-	904	1,825	-	-	-	-	-	-	3,426		
Total Investment Costs	327	333	641	5,944	809	327	1,030	294	33,635	463	994	8,548	5,713	2,346	79	412	72	223	127	62,319
II. Recurrent Costs																				
A. Salaries & Allowances	-	1,815	-	-	-	-	-	-	-	-	-	-	-	-	-	410	1,870	403	4,498	
B. Operations & Maintenance (O & M)																				
2. O & M Vehicles	-	132	-	-	-	-	-	-	-	-	-	-	-	-	-	25	156	30	343	
C. Other Expenses	-	723	-	-	-	-	-	-	-	-	-	-	-	-	-	182	659	-	1,564	
Total Recurrent Costs	-	2,671	-	-	-	-	-	-	-	-	-	-	-	-	-	617	2,684	433	6,404	
Total PROJECT COSTS	327	3,003	641	5,944	809	327	1,030	294	33,635	463	994	8,548	5,713	2,346	79	412	689	2,907	560	68,724
Taxes	-	116	-	-	-	-	-	-	-	-	704	-	-	-	7	-	25	109	8	970
Foreign Exchange	37	55	-	-	50	70	24	-	-	-	352	236	-	13	-	9	49	9	905	

Key File 7: Expenditure Accounts by Financiers (USD '000)

	Government TN		Banks/MFIs		IFAD		Beneficiaries		Total		For. Exch.	Local (Excl. Taxes)	Duties & Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%			
I. Investment Costs													
A. Civil Works	1,760	25.0	-	-	5,281	75.0	-	-	7,042	10.2	352	5,985	704
B. Infrastructure Fund	-	-	-	-	4,986	77.0	1,486	23.0	6,471	9.4	-	6,471	-
C. Venture Capital Fund	-	-	-	-	809	100.0	-	-	809	1.2	-	809	-
D. Incremental Credit Fund	-	-	24,924	74.1	-	-	8,711	25.9	33,635	48.9	-	33,635	-
E. Revolving Fund	-	-	-	-	603	100.0	-	-	603	0.9	-	603	-
F. Disaster Management Fund	-	-	-	-	179	54.6	149	45.4	327	0.5	-	327	-
G. Vehicles	48	20.0	-	-	191	80.0	-	-	238	0.3	12	179	48
H. Equipments	27	10.0	-	-	245	90.0	-	-	272	0.4	54	190	27
I. Training, Workshops & Demonstrations	-	-	-	-	8,207	100.0	-	-	8,207	11.9	-	8,207	-
J. National TA, Studies & Reviews	-	-	-	-	871	100.0	-	-	871	1.3	-	871	-
K. International TA & overseas visits	-	-	-	-	418	100.0	-	-	418	0.6	418	-	-
L. Contracted Service Providers	17	0.5	-	-	3,409	99.5	-	-	3,426	5.0	-	3,426	-
Total Investment Costs	1,853	3.0	24,924	40.0	25,197	40.4	10,346	16.6	62,319	90.7	836	60,704	779
II. Recurrent Costs													
A. Salaries & Allowances	1,124	25.0	-	-	3,373	75.0	-	-	4,498	6.5	-	4,498	-
B. Operations & Maintenance (O & M)													
2. O & M Vehicles	86	25.0	-	-	257	75.0	-	-	343	0.5	69	240	34
C. Other Expenses	391	25.0	-	-	1,173	75.0	-	-	1,564	2.3	-	1,407	156
Total Recurrent Costs	1,601	25.0	-	-	4,803	75.0	-	-	6,404	9.3	69	6,145	191
Total PROJECT COSTS	3,454	5.0	24,924	36.3	30,000	43.7	10,346	15.1	68,724	100.0	905	66,849	970

INDIA

POST-TSUNAMI SUSTAINABLE LIVELIHOODS PROGRAMME FOR THE COASTAL COMMUNITIES OF TAMIL NADU

DESIGN DOCUMENT

I. INTRODUCTION

1. The tsunami that initiated in the Indian Ocean on 26 December 2004 and caused giant waves travelling at about 500 km/hour to hit the coastline of 15 countries¹ along the ocean, caused untold widespread devastation. In India over 16,000 people lost their lives, about half of whom were in Tamil Nadu.

2. The Government of India has stated its interest in IFAD's involvement in the long-term rehabilitation and reconstruction of the livelihoods of the coastal communities of the tsunami affected areas. This was in view of IFAD's past experience in working in an emergency situation following the Gujarat earthquake of 2001.

3. An IFAD project formulation-cum-appraisal mission^{2/} visited Tamil Nadu from 4 to 21 April 2005 to plan the project and agree on modalities for its implementation with the State Government of Tamil Nadu (GOTN). At the start of the mission a two-day Stakeholder Consultation Workshop was co-hosted by IFAD and the M. S. Swaminathan Research Foundation, Chennai. This gave the mission a detailed briefing to the mission of the views and inputs of the State Government of Tamil Nadu (GOTN), financial institutions, NGOs, community based organizations, community leaders, research agencies, advocacy groups and potential service providers in the private, public, and voluntary sectors. The mission subsequently undertook field visits to five of the most severely affected districts. The mission met people whose livelihoods had been affected by the tsunami, NGOs, banks and government agencies. On its return to Chennai, the mission had further meetings with government agencies, banks and NGOs, and prepared its report. Project proposals were discussed with GOTN on 21 April, after which most mission members dispersed. A final wrap-up meeting was held with the Department of Economic Affairs on 25 April 2005.

4. The mission would like to thank the many people who gave their time to attend meetings and workshops, and especially to Mr C Kamraj who was nominated by GOTN to liaise with the mission and who organised the mission's programme and participated in the field visits. The mission would also like to thank the Collectors of Cuddalore, Nagapattinam, Tiruvallur, Villupuram and Kanyakumari Districts and their staff for looking after the mission while in the field.

¹ Including Bangladesh, India, Indonesia, Kenya, Malaysia, the Maldives, Mauritius, Myanmar, Reunion, Seychelles, Somalia, Sri Lanka, Tanzania, Thailand and Yemen.

^{2/} Mr Edward Mallorie (Mission Leader), Mr Aloysius Fernandez (Grassroots Institutions Specialist), Ms Girija Srinivasan (Micro Finance Institutions Specialist), Mr Sreekantha Shetty, (Project Management Specialist), Ms Chandrika Sharma (Fisheries Specialist), Dr S P Palaniappan (Coastal Agriculture Specialist) and Mr Sirelkhatim Mohamed (Economist/Financial Analyst). Mr Anshuman Saikia (IFAD Country Portfolio Manager) and Mr Pravesh Sharma, IFAD Field Presence Coordinator and Special Senior Adviser WFP, joined the mission at its initial stage.

II. COUNTRY AND POVERTY CONTEXT

A. Country Economic Background

5. With an area of 3.29 million km² and a population of over one billion in 2000, India is the seventh largest and the second most populous country in the world. Only 55% of the land area is considered arable, and each cultivable hectare has to support from four to seven people. Over time, population growth has declined but continues to remain close to 1.94% per annum. As the size of population at the reproductive age is large, about 300 million people will be added to the Indian population in the next 20 years. While India has made substantial progress in the social and economic sphere, as per the Human Development Index, it ranks 124 out of 173 countries in 2000.

6. In the first three decades of planned development (1951-80) the GNP increased at a low rate of about 3.6% and per capita income by a mere 1.2% per annum. As India's industrial structure matured and reliance on agriculture dropped, growth rates picked up in the 1980s and the variability of growth also dropped. Indian economic reforms, which began in 1990-91, have taken the form of gradual and controlled liberalisation of the economy characterised by slow liberalisation of trade, a very gradual privatisation and avoidance of capital account liberalisation. As a result, India's economic growth has risen and has also become more stable over time. India's growth trend of 5.8% per annum since 1980 is the highest amongst the developing countries outside South-East and East Asia. Impressive economic growth over recent decades is changing the face of poverty in India. Average growth in GDP increased from 3.5 per cent during the 1950s, 1960s and 1970s to 5.4 per cent in the 1980s and 5.9 per cent in the 1990s. This acceleration, particularly in the 1990s, stemmed from a significant increase in service sector growth, with software and information technology taking a leading role. As a result, the GDP per person in India doubled from USD260 in 1980 to USD538 in 2003 and is expected to reach USD650 in 2005.

7. However, growth has not been evenly distributed among India's various sectors, and the composition of GDP has changed. Agriculture used to be the leading sector, but its GDP share dropped from 57 per cent in 1950 to 22 per cent in 2002. More than 65 per cent of India's population is rural, and 58 per cent of the rural labour force (233 million people) work in agriculture. These people are mainly marginal farmers or small farmers cultivating land that accounts for less than one third of the country's total farming area. Even within relatively prosperous states, such as Tamil Nadu, persistent pockets of poverty remain.

8. The country has experienced tremendous growth in the fisheries sector after independence with total fish production increasing from 0.7 million tonnes in 1951 to 5.7 million tonnes in 2000-2001, of which 2.7 million tonnes was from marine capture fisheries. India is now the fourth largest fish producer in the world, accounting for over 4.39 per cent of the world's total fish production. India's fish exports reached USD 1.2 billion in 2002, or about 1.21 per cent of its GDP (GOI 2003)³. It is estimated that about 6.7 million people depend on fisheries for a livelihood, of whom about 2 million are dependent on marine fisheries and over 1 million people engaged in pre- and post-harvest activities

B. Rural Poverty: the Sectoral Context

9. In the first 25 years after independence, the incidence of poverty in India fluctuated at around 53%. The proportion of the poor started to diminish, albeit at a very slow rate thereafter. The latest comparable figures for 1993/94 show that India had slightly more than 35% of the population under the officially determined poverty line. The incidence of poverty was higher for rural households at 36.7%. The most recent estimate made during 1999/00, though not on a comparable basis, shows 27%

³ Government of India 2003. Economic Survey of India. 2002-2003. Ministry of Finance and Company Affairs. New Delhi

of households below the official poverty line. However, since the population has been constantly increasing, the absolute number of poor in India has not decreased significantly and over 260 million people live below the poverty line. Of these, almost three-quarters, or over 193 million, are in rural areas. Over 35% more poor people live in India than in all of Sub-Saharan Africa. Under the international poverty line of USD 1 per day, some 44% of India's population would be considered as poor. At USD 2 per day it would increase to over 86%.

10. Data on poverty levels in Tamil Nadu is shown in Table 1. This shows a similar pattern of decline in poverty, but the most recent data shows the proportion of poor people in the state, at 21%, is less than the national figure (27%). Nevertheless over 13 million people out of the state population of 60 million are still below the poverty line.

11. Poverty in India is far from homogenous: the incidence of rural poverty differs widely, both between and within states, between different social and occupational groups, between male and female, etc. Generally speaking, levels of poverty are higher in the northern and eastern states. Throughout the country, ethnicity and gender also come into play. The highest incidence of poverty is recorded amongst the scheduled tribes (54%) followed by the scheduled castes (50%). The latter account for 27% and the former for 13% of the total rural poor though they represent only 18% and 8% of the total population respectively. The disproportionately high share of tribal people in the absolute poor has historical origins that continue to impact heavily on their economic and social status. They suffer from other forms of human deprivation other than the lack of material well-being.

Table 1: Poverty in Tamil Nadu

	Percent of population below PL			Millions of people below the PL		
	rural	urban	total	Rural	urban	Total
1973-74	57.4	49.4	56.9	17.3	6.7	24.0
1977-78	57.7	48.7	54.8	18.2	7.3	25.5
1983	54.0	47.0	51.1	18.3	7.8	26.1
1987-88	45.5	36.6	43.4	16.2	6.9	23.1
1993-94	32.5	40.0	35.0	12.2	8.0	20.2
1999-00	20.6	22.1	21.1	8.1	5.0	13.1

Source: Planning Commission, Government of India

PL= poverty line

12. Women throughout India remain one of the most disadvantaged groups, especially in rural areas. It is reflected in the sex ratio of 934:1,000 in 2001 and numerous other indicators. Over 90% of rural women workers are unskilled and about 90% of women work in the informal/unorganised sector. Women's wage rates in agriculture are 30-50% less than for men and female casual labourers show the highest incidence of poverty of all occupational categories, male or female. A disproportionate burden of poverty weighs on female-headed households who are not reached by the delivery structures of credit and technical advice because institutions are slow to recognise women as household heads.

13. Over the past few decades India has allocated fairly large resources (6-7% of GOI budgetary expenditures or 1% of GDP) to targeted anti-poverty programmes, mainly through food subsidies (55%), rural employment schemes (5%) and subsidised credit for asset creation (33%). The results have not been commensurate with the expenditure, due largely to poor targeting that has permitted significant encroachment by the non-poor and 'left-out' errors (bypassing the poor), as well as a lack of sensitivity to the specific needs of the poor and scheduled categories. The asset creation programmes have suffered from inadequacy of capital infusion failing to push the beneficiary households above the poverty line. The lack of backward/ forward linkages and low levels of skills

and entrepreneurial ability that have failed to make the investments successful, continue to be the stumbling blocks.

14. In recent years GOI has revamped its anti-poverty programmes and now places a greater focus both on channelling assistance through grassroots self-help groups (SHGs) that help the disadvantaged categories gain access to subsidized credit for asset creation, on better targeting of the employment creation schemes towards these categories and on addressing land issues in a manner that protects their constitutionally recognized rights. A greater role for rural local governments is envisaged in implementation and beneficiary selection and monitoring, as well as greater emphasis on transparency. Government also recognizes the critical role of NGOs as facilitators of a genuinely participatory approach to development that has resulted in the multiplication of SHGs throughout the country.

III. POLICY AND ORGANISATIONS

A. Key Policy Context of IFAD Intervention

15. Given the vastness of India's development scene, IFAD has adopted a strategy that focuses on identifying niche areas where the development of innovative approaches could make a meaningful contribution to the broader development effort. India's relatively open political and social system, its constitutional guarantees for the protection of minority and disadvantaged groups and the relative abundance of NGOs and other civil society partners, provide a sufficiently broad framework for fostering genuine beneficiary participation, developing grassroots institutions, and ultimately empowering the marginalised categories that make up IFAD's target group. Empowerment of the disadvantaged (tribals, scheduled castes, landless, and other minorities) as well as provision of support to people's initiatives and participation as key elements of the development process are the key planks in GOI's strategy for the draft Tenth Plan period.

16. In the above context, IFAD's lending strategy for India envisages:

- (i) a focus on 'niche investments' that – if proven successful – are likely to be taken up on a larger scale by the Government and/or other donors;
- (ii) empowerment of the poor by taking advantage of the opportunities created by the on-going efforts to empower local bodies throughout the country notably through the devolution of authority to the *Gram Sabha* (i.e. village assemblies which comprise all resident adults with voting rights) in the scheduled areas;
- (iii) integration of self-help groups (SHGs) with local self government institutions as a means of generating positive synergies between economic advancement, social and institutional development, and empowerment;
- (iv) priority to the development of areas where rainfed agriculture is practised, in recognition of the preponderance of poverty in these areas, activities to include micro-watershed development, water-harvesting and overall natural resource management;
- (v) targeting of rural populations, with a special focus on the scheduled tribes and scheduled castes, as well as on women, in recognition of the higher incidences of poverty and vulnerability as well as generally lower social status of these categories.

17. In devising its strategy to contribute to the rehabilitation and reconstruction efforts in the whole region affected by the tsunami, IFAD is proposing to concentrate on the following priority areas:

- (a) Restoring people's livelihoods – depending on specific country needs and other donors' programmes, the focus would be on:

- Housing rehabilitation or reconstruction – especially of the most vulnerable people.
 - Restoring access to basic socio-economic infrastructure (health, education, water and sanitation, roads, etc.).
 - Reconstructing the social capital – actions aimed at reviving community institutions, local networks or self-help groups and strengthening their capacities.
 - Reconstructing the productive sectors – focusing on the sectors in which
 - IFAD has extensive experience, namely: agriculture, fisheries, micro and small-scale entrepreneurs, and increased access to microcredit.
- (b) Rebuilding community institutions - restoring basic socio-economic infrastructure on a long-term basis will only be achieved if the human resources are also restored and new or revitalized institutions established.
- (c) Improving the management of natural resources in coastal areas – this will have the twin objective of protecting coastal populations from future natural disasters, and improving the sustainability of the natural resource base so as to provide local populations with more sustainable livelihoods and prevent further environmental degradation.

18. In India, IFAD envisages that support will be for the longer-term and not in the form of immediate relief and rehabilitation. Coastal areas had already been identified in the draft COSOP for India (2005-2009), while the poverty analysis in the COSOP had also identified the coastal areas of Tamil Nadu as an area characterized by high incidence of poverty and inhabited by vulnerable populations. Vulnerable fishing communities have been identified as a potential target group for IFAD in the COSOP. A list of IFAD loans and grants to India is shown in Appendix 1.

B. Key Organizations Relevant to Project

Rural Development Department

19. The Rural Development Department (RDD), together with Panchayat Raj local government administration, are concerned with the task of alleviation of poverty of the rural poor and promotion of sustainable livelihood opportunities through self employment programmes, generation of additional income and strengthening the rural infrastructure facilities through wage employment programmes, improvement of quality of life of the rural people through Rural Housing and Sanitation programmes and participation and involvement of the people in the process of development through the Panchayat Raj Institutions. The Directorate of Special Village Panchayats has been brought under the administrative control of the Rural Development Department so as to extend the benefits of rural development programmes to the people of Special Village Panchayats as well. The RDD has considerable experience of implementing projects through self-help groups and other community organisations. It is the implementing agency for the ADB support Tsunami Emergency Project, which makes it particularly appropriate to be the implementing agency for PTSLP as close coordination between the two projects will be assured.

Revenue Department

20. This department is responsible for district administration, collection of land revenue, disaster management and mitigation, and implementation of social security measures. The Collector is the principal government office in a district, in charge of maintenance of law and order, land related matters, and also of all development activities and implementation of various schemes sponsored by other departments. The Collectors have been the key officials in-charge of relief and rehabilitation efforts in each district, and will continue to play a key role in coordinating livelihood reconstruction efforts.

Women's Development Corporation

21. The Women's Development Corporation falls under the auspices of the Social Welfare Department. It aims to build the capacity and empower of poor and disadvantaged women. WDC implemented the IFAD assisted Women Development Project, which ran from 1990 to 1998. This project supported 4,520 SHGs with over 90,000 women members. GOTN has followed this up with the Mahahir Thittam project which has formed 169,000 SHGs with 2.8 million members. Although PTSLP will not be implemented by WDC, it will be important to coordinate with WDC activities, which include the forthcoming World Bank funded Empowerment and Poverty Alleviation Project.

Department of Fisheries

22. The Department of Fisheries was established in 1907, and has with the objectives of developing and conserving the fishery resources and ameliorating the socio-economic conditions of fishers who depend upon fishery as their major source of livelihood. The department supports both aquaculture and marine capture fisheries. For the latter it provides subsidies for outboard motors and diesel fuel, develops fishing harbours and lading places, implements programmes to enhance stocks (such as artificial reefs), and promotes sea safety. It is involved in tsunami relief operations concerning the repair and replacement of damaged fishing boats. It has been carrying out research into technologies that could be useful to this project including the fattening of mud crabs and lobsters in cages, and solar fish dryers.

Department of Agriculture

23. The Agriculture Department has taken up the challenge to achieve higher growth rate in agriculture by implementing several development schemes and the propagation of new technologies. Activities include integrated farming systems, wasteland development, watershed development activities, water management through micro irrigation systems, organic farming and soil health improvement, integrated nutrient management (INM) and integrated pest management (IPM). The Agriculture Department is implemented programmes to restore agricultural land that was damaged in the tsunami, and has expertise in a number of technologies that may be useful in the project area, such as micro-drip irrigation.

Animal Husbandry Department

24. The Animal Husbandry Department plays a major role in providing veterinary health care and improving the genetic potential of livestock and poultry. It implements various schemes for the economic uplift of the poor. There is a network of dairy cooperatives headed by the Tamil Nadu Co-operative Milk Producers' Federation Limited, popularly known as "Aavin". As a result of liberalization policy, private dairies have entered into the field leading to a healthy competition between the co-operatives and the private dairies. There are a total of over 7,000 functioning primary societies, of which 1462 are women milk producers' societies – often linked to SHGs. The mission identified livestock development, especially milk production, as an alternative livelihood to fisheries. It will be important for the project to link into livestock support and marketing networks.

NGOs and other service providers

25. Tamil Nadu has a large number of NGOs active in supporting rural development. These include organizations that also operate in other states or at the national level. Many NGOs are involved in self-help group formation and training, with a total of 357 NGOs contracted to the Women's Development Corporation for self-help group (SHG) support activities. Some NGOs work as Micro-Finance Institutions (MFI), providing funds for self-help group lending operations – some of these MFIs are also involved in SHG support. Other NGOs provide specialist support in specific sub-

sectors. An example of such an organization is the South India Federations of Fishermen's Societies (SIFFS), which supports the organization of fishermen's societies which take responsibility for selling fish as the point of landing and providing access to finance and other services for fishermen. SIFFS is in the process of registering as a multi-state cooperative. Many NGOs are also involved in tsunami relief and rehabilitation work – a total of 421 NGOs reported as being active in Nagapattinam district.

26. A summary of the strengths and weaknesses of some of the key organizations who may be involved in the project is in Key File 2.

IV. GOVERNMENT AND DONOR ACTIVITIES AND LESSONS LEARNT

A. Ongoing Government, Donor and IFAD Activities

27. The Government of India (GoI), and of the states where the tsunami tragedy struck, undertook an extremely successful recovery effort that has been divided into three phases: immediate relief and response; temporary rehabilitation and restoration of infrastructure and long term rehabilitation and reconstruction. The massive first phase relief and rescue operation has been successfully carried out, and the second phase is being implemented. GoI has launched an assistance programme of INR 3,644.05 crores (USD 837 million) "Rajiv Gandhi Rehabilitation Package for Tsunami Affected Areas" to provide assistance for immediate relief and response, revival of fisheries and agricultural sectors, immediate construction of temporary shelters and repair-restoration of infrastructure, and also special relief to orphans, unmarried girls, widows and disabled.

28. In Tamil Nadu the government, supported by many NGOs and agencies such as UNICEF, has been providing emergency relief to affected households, including temporary shelter for over 300,000 persons and a monthly allowance of Rs1,000 plus food and other items per family for affected households.

29. Key File 3 summarises donor initiatives that may be complementary to this project. The World Bank's Emergency Tsunami Reconstruction Project has a total cost of USD 649.1 million to be spent over two to three years. Of this USD 581.3 million is for housing in Tamil Nadu and Pondicherry, USD 32.1 million for restoration of livelihoods, USD 17.4 million for public building and works, USD 13.0 million for technical assistance and training, and USD 5.3 million for implementation support. Although this project has a livelihood component, it is primarily concerned with restoration of fishing infrastructure (ports and harbours), restoration of aquaculture ponds, restoration of farmland, repair and up-grading of veterinary services. None of these are proposed to be covered by the IFAD supported PTSLP.

30. The World Bank project will also provide funds for re-establishment of safety-at-sea systems, which will complement the proposed community safety-at-sea activities in this project. Most of the proposed TA and training in the World Bank project relates to implementation of physical infrastructure, such as housing, but studies and training for alternative livelihoods are also proposed. Although no details are given on this activity, it will be important to ensure that it does not overlap with the enterprise training proposed in PTSLP. The World Bank project also proposes to support fisheries policy development and coastal zone management. This will be complemented by the proposed community resource management and micro-planning in PTSLP, which will organise district and state level workshops to allow communities to have a voice in the overall planning process.

31. ADB is funding a Tsunami Emergency Assistance Project for Kerala and Tamil Nadu. This three-year USD 200 million project includes municipal and rural infrastructure (roads, water supply, drainage, public buildings and power lines) as well as a major component for livelihoods. The

livelihoods component involves: (i) restoring livelihoods of members of existing SHGs; (ii) formation of new SHGs; (iii) replacement of productive assets of tsunami affected households; (iv) skills upgrading; (v) risk mitigation through available life and property insurance schemes; (iv) restoring community-based infrastructure; and (vii) technical support for implementation, monitoring and impact assessment. The total cost of this component for Tamil Nadu was estimated to be USD 52.99 million, mostly for existing and new SHGs (USD 38.82 million).

32. A major difference between PTSLP and the World Bank and ADB supported projects is that the IFAD project will run for eight years and takes a more gradual approach to building sustainable livelihoods and supporting community institutions. The World Bank and ADB projects focus more on damage restoration, which needs to be done within a short (2-3 year) period.

33. Aside from these two projects the government has already announced a package of grants and loans for replacement and repair of fishing boats, and many NGOs are also supporting this activity. At the request of the government, PTSLP will not get involved in replacement of boats and fishing gear. UNDP will complement all these initiatives by supporting improvements to disaster preparedness. This can be linked into PTSLP-supported community based risk mitigation and disaster management.

B. Lessons Learnt

34. The Completion Evaluation Report for the Andhra Pradesh Tribal Development Project (2001) drew the following lessons that are relevant for this project:

- (a) The concept of participation needs to be consistently applied, and greater attention should be given to training and capability development for social mobilization.
- (b) At the same time the design of projects should be realistic as to the formal extent of community involvement, and competent NGOs should be involved in both the creation and support of nascent institutions.
- (c) The teaching of practical employment-related skills and vocational education needs to be given the central importance it deserves.
- (d) There is a need to ensure that physical infrastructure created by the project can be maintained.

35. The Completion Evaluation Report for the Tamil Nadu Women's Development Project (2000) drew the following lessons:

- (a) The project has demonstrated that the provision of microcredit can not by itself create the necessary conditions for economic and social change. Therefore, care should be taken in future projects to tie credit provision to group cohesiveness and community sensitization, including training and awareness building of local institutions and individuals involved in the project. Wherever possible, group members should be actively involved in all stages of the planning, implementing and monitoring of activities.
- (b) The crucial factor for group cohesion is that, before receiving institutional loans, there should be a period of one-to-two years during which the groups systematically save money and rotate their funds in the form of petty loans for productive, consumption and social purposes. Other dimensions for effective group operations include, optimal group size, rotation of leadership responsibilities, economic and social homogeneity of group members, continuity of members in groups, and rules governing group operations.

- (c) The capacity and performance of NGOs is critical to the continuing success of SHGs, especially in the early stages of group formation. The presence of suitably motivated and skilled NGOs is of crucial importance. The project highlights the importance of rigorous screening procedures to select committed and capable NGOs
- (d) Attention is needed in targeting using wealth ranking and social mapping methods to identify the poorest.
- (e) The importance of training cannot be overstressed. In addition to training modules, strategies to encourage cross-fertilization of ideas and techniques between groups. It is also necessary to invest in strengthening the capacity of different implementing agencies (bankers, PMU staff, animators, supervisors and NGOs) on a series of project-related issues.
- (f) It is important for projects promoting income-generating and other productive activities, to define marketing and processing channels and opportunities.
- (g) Regarding credit, care should be taken with regard to group dynamics, particularly with regard to loan distribution within groups to ensure that poorer women are not marginalized. SHGs' linkages with commercial banks should be institutionalised to establish a direct relationship between women and the banks, and ensure continuity of credit flows to SHG members based on their financial record rather than on the recommendations of NGOs or PIU staff. With regard to group savings, the challenge is to allow for flexible savings by SHG members while at the same time ensuring that internal lending is not linked to the amount saved.

V. TARGET GROUPS AND PROJECT AREA

A. Target Group

36. Key file 4 contains information on target groups – categorised in terms of: (i) disadvantaged scheduled caste and tribal communities; (ii) fishing boat crew; (iii) small-scale fish vendors and processors – mainly women; (iv) owners of non-motorised fishing boats; and (v) owners of small motorised boats.

37. *Dalits* and tribal communities are historically marginalised groups. They often lack access to sea fishing rights, but rather fish backwaters – which are suffering from pollution and the small sized crabs and shrimps that they catch sell at low prices. The mission visited some of these communities, which were located a little back from the coast. Although they had not suffered direct damage from the tsunami, they had lost livelihoods and, moreover, pre-tsunami they were significantly poorer than the fishing communities located right on the coast, with very poor housing and sanitation.

38. Fishing boat crew are also relatively poor. Not only is fishing highly seasonal but, as they are paid a share of the catch, their incomes are affected by the downward trend in catch per boat. Some may come from *dalit* communities, and many lost their homes in the tsunami and are now housed in temporary camps (and it maybe 2-3 years before they are re-housed in permanent homes). This means that many households are no longer able to generate supplementary income from homestead based activities such as livestock, while the disruption to communities means that most petty trading enterprises are dormant. These households also face considerable social stress from being in the temporary camps (see Appendix 2). Many are employed on the larger trawling boats, and it may take some more months before these are back at sea.

39. Owners of beach-launched fishing boats face increasing competition for a limited fishery resource, with larger trawlers fishing inshore and damaging the marine ecosystem. Most of these boats were damaged or destroyed by the tsunami and, although assistance from government and NGOs is helping these households, this may not continue much longer. At the moment many fishermen's Panchayats have decided not to go back to the sea until all boats in the village are repaired. This particularly impacts on the owners of the non-motorized *kattumarans*. Not only is their access to the fishery more limited (they cannot travel far at sea), but they lack the resources to remain inactive for much longer (see Appendix 2).

40. Based on this analysis, the project target group will be coastal dwellers (in villages directly or indirectly affected by the tsunami) including the following occupational groups:

- coastal fishers using beach launched craft – (*kattumarans, vellums*)
- wage labour employed in the fisheries and agricultural sectors,
- small-scale women fish vendors and processors
- small and marginal farmers
- other marginalised occupation groups (e.g. seashell workers)

41. Within these occupational groups the project will attempt to focus its resources on single adult-headed households (especially widows and widowers), Scheduled Castes and Scheduled Tribes. A check-list for gender-sensitive project design is in Appendix 3. While IFAD projects often focus on female-headed households, this project will also focus on households headed by a single man. The tsunami killed a disproportionate number of women⁴, resulting in many men left with children but no wife. The tsunami also left 362 orphan children in the state, plus 149 adolescent girl orphans. The government has already made good provision for them in terms of opening new orphanages and setting up trust funds of Rs500,000 per child.

42. The target group includes small and marginal farmers. These are in a similar poverty category as owners of small fishing boats, and support for agriculture – especially livestock and horticulture may offer a useful alternative to fish-related occupations, and have greater long-term growth potential.

B. Project Area

43. The tsunami affected all 13 coastal districts of Tamil Nadu. GOTN has classified these districts into badly affected and partly affected, with six districts being badly affected and the remaining seven being partly-affected.

44. The project is planned to be implemented in the six districts of Kancheepuram, Villupuram, Cuddalore, Nagapattinam, Tiruvallur and Kanyakumari. These include the five rural districts which the Government of Tamil Nadu has classified as badly affected by the tsunami (the other being Chennai city). A total of 8,679 people lost their lives or are missing in these six districts, 95% of the total for Tamil Nadu. Although project districts do not include Chennai city, the PMU may be located here, and some activities carried out in terms of development of market linkages.

45. Within these districts, the project would target about 200 villages (villages being defined as human settlements, not government revenue villages). In total about 360 villages in the State are recorded as being affected, but the mission has found the impact of the cyclone on livelihoods goes beyond villages where actual physical damage has occurred. People in the immediate inland areas have lost livelihoods such as employment on fishing boats, fish drying and trade with fishing communities. Moreover many of these communities are made up of communities of scheduled castes

⁴ Data for Tamil Nadu shows that 30% of fatalities were men, 39% women and 31% children.

and scheduled tribes. Prior to the tsunami they were significantly poorer than coastal fishing communities. Because they suffered no direct damage, they will not be compensated for loss of houses, boats or other property, and will remain significantly worse off.

Table 2: Impact of Tsunami in Tamil Nadu

Name of district	Affected		Human lives lost			People evacuated	Damaged or destroyed		Cattle killed
	Settlement*	People	deaths	missing	Total		Houses	fishing boat	
1 <u>Thiruvarur</u>	38	15600	29	28	57	15500	4143	19	220
2 <i>Chennai</i>	25	73000	206	82	288	30000	17805	2402	2
3 <u>Kancheepuram</u>	44	100000	130	4	134	60000	7043	2899	4
4 <u>Villupuram</u>	19	78240	47	1	48	37500	9500	3275	0
5 <u>Cuddalore</u>	43	99704	617	35	652	61054	15200	6549	1068
6 <u>Nagapattinam</u>	73	196184	6065	791	6856	196184	39941	10139	128121
7 Thiruvallur	0	0	41	9	50	0	0	2902	0
8 Thanjavur	22	29278	33	14	47	4600	3	279	0
9 Pudukkottai	29	66350	15	21	36	4857	1	771	0
10 Ramanathapuram	0	0	21	3	24	8315	6	262	0
11 Thoothukudi	23	110610	3	0	3	11625	735	1368	0
12 Thirunelveli	10	27948	4	1	5	11170	630	1691	899
13 <u>Kanniyakumari</u>	33	187650	828	104	932	46280	26921	12606	1187
Total	359	984564	8039	1093	9132	487085	121928	45162	131501
PTSLP districts	250	677378	7716	963	8679	416518	102748	35487	130600
Percent of total	70%	69%	96%	88%	95%	86%	84%	79%	99%

* settlements are hamlets (*kuppam*), typically 2-3 make up a village. In Thanjavur, Thoothukudi and Thirunelveli there is no data on hamlets so number of affected villages has been used for number of settlements.

Districts in italics are classified by GOTN as being badly affected

Districts underlined have been selected for this project (PTSLP).

46. In selecting villages, account will be taken of: (i) existing development activities (so as to avoid overlap); (ii) presence of significant numbers of poorer target group households (women-headed households; scheduled castes and tribes; fishers in backwaters and using non-motorized *kattumarans*; small-scale women fish vendors and processors; landless labourers; and other marginalized occupational groups); and (iii) potential to establish Fish Marketing Societies and to support Self-Help groups.

47. By including these indirectly affected villages, the project would cover around one half to one third of the affected households. With an average population of about 700 households, and family size of 4.5, these 200 villages would have a population of about 630,000.

VI. PROJECT DESCRIPTION

A. Project Rationale and Objectives

48. The project will focus on the medium and long term development needs of coastal communities, rather than the more immediate needs of relief and rehabilitation from the tsunami. Relief activities are now largely complete, while rehabilitation is being extensively supported by the government, other development agencies and NGOs. The need is now to help build long term livelihoods for the poorer communities in tsunami-affected coastal districts.

49. The livelihoods of many of these households were vulnerable even before the tsunami. Not only were artisanal fishers under pressure from larger trawlers, but small-scale women fish vendors and processors were being limited to handling only low value fish, and lacked the capital and know-how to improve their efficiency and reduce processing and transport losses. Other vulnerable groups include scheduled caste and tribal communities, many of whom were restricted to fishing in increasing polluted back waters, and whose catch of small fish was of low value. Seashell collectors and processors were finding the market for shells processed into whitewash was declining in the face of more modern alternatives.

50. Not only have many of these households suffered direct losses in the tsunami, but now face new threats to their livelihoods. Poorer fishers and boat crew are unable to go to sea until communities decide that issues with the government over compensation for damaged boats has been settled and all boats have been repaired. Many households are living in temporary accommodation where they are unable to carry on homestead based livelihood activities such as livestock and petty trade until their homes are rebuilt, which may take some time. When fishing does re-start, pressure on fish stocks may increase as new fishing gear will tend to be superior, and NGOs are providing additional boats to previously non-fishing households.

51. The overall objective (goal) of the project would be to build self-reliant coastal communities, resilient to shocks, and able to manage their livelihood base in sustainable manner. This would be achieved via the immediate objective (purpose) of developing viable enterprises and resource management systems, owned and operated by poor men and women in the region affected by the tsunami, and supported by community and other appropriate institutions. A project logical framework is shown in the key file section.

B. Project Approach

52. The approach adopted follows that of other IFAD projects in India, in building local community based organisations and empowering them to take the lead in their own development. The project will focus on poorer sections of the community, including those less directly affected by the tsunami, but who nevertheless have lost livelihoods. As they are less directly affected in terms of physical damage to property, these households are not receiving the same attention in assistance for post-tsunami rehabilitation.

53. The proposed strategy for livelihood development has four complementary thrusts: (i) building and supporting community organisations; (ii) ensuring access to micro-finance and other financial services; (iii) developing the skills and knowledge of target group households; and (iv) fostering the development of larger enterprises and access to more distant markets. This strategy for livelihood development would be complemented by community level planning and education for resource management and conservation, leading to the development of community level infrastructure, and improvements in disaster mitigation.

54. Although actual fishing is almost an exclusively male occupation, for every fisherman there are estimated to be four people who rely on fish-related trades for their livelihood. Many of these people are women or from disadvantaged groups. The project will have a particular focus on women – helping them to improve existing fish-related livelihoods or diversify into new activities such as livestock. It is expected that most members of SHGs will be women, as will many owners of the larger micro-enterprises supported by the project. The project will also offer specific opportunities in vocational training for young women.

C. Project Components

55. The project as planned would have five components:

- (i) Coastal area resource management
- (ii) Rural finance and risk transfer instruments
- (iii) Employment generation and skills training
- (iv) Community based sea safety and disaster management
- (v) Programme management

56. Activities under these components are outlined below. Further details are in the Annexes on Community Fisheries, Rural and Micro Finance, Micro-Enterprise Development and Coastal Agriculture. However these details are largely indicative of what could be done, and considerable flexibility will be needed to change plans as the project progresses.

1. Coastal Area Resource Management

57. This component would be divided into three sub-components:

Community resource planning

58. Participatory exercises will be undertaken through community institutions (traditional institutions, SHGs etc.) with the following objectives:

- (a) Identification and prioritization of basic community infrastructure required for improving quality of life of the community. Communities could, for example, identify the need for water supply, sanitation, community hall, fish drying platforms etc. as priorities;
- (b) Identification of key issues vis-à-vis coastal and fisheries resources and their management, to enable communities to plan for initiatives that will need to be undertaken to protect and improve their environment and their livelihoods, such as for example, development of coastal shelterbelts, regulation/ phasing out of destructive fishing gear and practices, control of pollution, and so on. The view of communities on the need for environmental education of their school-going children will also be sought.

59. Initial resource mapping exercises will be followed by participatory development of micro-plans. Proposals for community infrastructure developed through this exercise will be vetted and verified. The implementation of the plans will be reviewed on a biannual basis. The project will ensure that women and disadvantaged groups fully participate in the process.

60. Community exchange visits will be organized for the duration of the project, to enable communities to learn from the experience in other villages on development and management of community infrastructure and on coastal and fisheries resources management. Overseas trips for Government, NGO staff and community leaders will be organized for the same purpose. The implementation of this sub-component is expected to strengthen traditional institutions that exist at the community level by enabling them to play a more prominent role in planning and management of projects implemented within their communities.

61. The project will make available a fund, with an average amount of Rs.1,322,000 per village (of which 25% would be contributed by the community, primarily as labour), for implementation of proposals developed and verified through the resource mapping and micro-planning exercises. The implementation will be undertaken provided a management system is in place for maintenance and upkeep of created facilities that could include water supply, sanitation, community halls and other similar infrastructure. The implementation of this project is expected to benefit the entire community,

in terms of improvement of quality of life. This would complement larger scale infrastructure being planned by the government with support from the World Bank and ADB – such as roads, harbours and a vegetative bio-shield.

Fisheries Resources Management

62. A sustainable future for fishing communities lies in moving towards responsible fisheries. Better protection and management of coastal and fisheries resources is likely to have long term implications for livelihoods, particularly of those who depend on the resource base for their survival, and have few other livelihood options available. Given a context where the resource base is shared, and inshore waters are considered to be optimally fished, it will be necessary to initiate a process where stakeholders can work together to agree on a common minimum programme for resource management.

63. Issues related to coastal and fisheries management identified during the micro-planning process, particularly those needing coordination and action at a larger level, will be discussed in cluster-level workshops. Issues identified could include: (i) regulate certain types of fishing gear; (ii) reduce fishing pressure in areas considered as spawning grounds; (iii) construct and deploy fish aggregating devices; (iv) control pollution of inshore waters; (v) diversify fishing operations; and (vi) explore options for aqua- and mari-culture.

64. Studies will be undertaken to consolidate the issues emerging from cluster-level workshops, and to look at technologically and socially feasible options. These studies will be used as discussion papers for workshops organized at the State level. These workshops could be organized through the Fisheries Department and/ or other competent organizations, with participation of community leaders from the clusters, representatives of different fishing gear groups, key technical resource persons, and NGOs working with fishing communities on issues of coastal and fisheries resource management. Workshops at the state level will be organized once in two years, linking up to ongoing cluster level workshops and processes.

65. Recommendations and suggestions emerging from State- and cluster-level workshops will be vetted, and proposals will be developed to implement some of them on a pilot basis. On verification of proposals, activities could be initiated on a pilot basis, through a pilot fund available for this purpose. Proposals could be developed, for example, to put in place community-based monitoring and enforcement systems, to test out low-cost vessel monitoring systems, to replace destructive gear, to test out diversification options within the fishery etc. A limit will be set for the maximum support available for each pilot activity. Training needs for diversification and upgradation of fishing skills identified will be addressed under the component for vocational training.

66. As an incentive, community organizations that have adopted responsible fisheries practices or have improved protection of coastal habitats will be identified for presentation of an award of Rs.20,000 on an annual basis from the pilot fund.

67. The implementation of this sub-component is expected to increase awareness about key issues facing coastal and fisheries resources in the State among various stakeholders. It is also expected that its implementation will lead to greater discussion and consensus among various stakeholders about management and other measures that need to be implemented to ensure sustainability of livelihoods and of the resource base that sustains these.

Community support

68. The project will establish Cluster Resource Centres to coordinate activities with communities at the local level. These centres will work closely with local government and with NGOs active in project districts. Further details on the activities of these centres are in the section below on project

management. As part of these coordination activities local experience sharing workshops will be regularly held with local communities, government and NGOs.

2. Rural Finance and Risk Transfer Instruments

69. This component would be divided into four sub-components:

Venture capital fund

70. The project will support setting up of larger enterprises which will provide forward and back ward linkages for the micro enterprises of the members of self-help groups and fishermen's societies via a Venture Capital Fund. This fund would aim to supplement loans from banks and MFIs by providing quasi-equity finance. The fund would be managed by a professional financial or business development service institution. The modalities of establishing the fund would build on arrangements agreed for a similar fund in the IFAD supported Livelihoods Improvement Project for the Himalayas, and would be worked out during the preparation of the project implementation manual.

Micro-credit for SHGs

71. While the linkage between banks and SHGs is progressing well in the state, it is seen that nearly one third of the groups are not getting bank linked due to a variety of reasons, including lack of capacity building. The project will strengthen such self help groups (through the Support for Self Help Group sub-component) and link them with the banks for credit.

72. In addition members will get training to identify income generation opportunities, which they can take up when they are able to access higher amounts of credit from banks. Members will then get skill development training where needed, and there will be a limited number of demonstrations of new agricultural crops (especially fodder crops and fodder trees for milk cows and goats).

73. Where bankers are less enthusiastic about lending to coastal village groups, the project will invite MFIs already functioning in other districts to set up branches to lend to the groups. The project will provide funds to support their setting up costs.

74. Local bankers will be sensitised to the needs of the project through workshops, training and exposure visits to other countries where banks have financed the fisheries sector, joint liability groups etc.

75. Fishermen also require financial services, and are generally not members of SHGs. Given the repayment risks involved, bankers are generally hesitant to lend to the sector. The project will support setting up marketing societies through which the fishermen will be in a position to access the financial services. The project will provide funds (through the Formation of Fish Marketing Societies sub-component) for settling the earlier loans to fishermen from fish traders, which will be repaid by the fishermen over a period of time. The loan redemption is critical to enable the fishermen to sell fish to the society.

76. The credit needs of fishermen will also be met through the marketing societies. Societies members will be linked to banks and MFIs to access credit. Wherever feasible the workers/crew will be formed into groups of associate members to also access credit through the societies. The societies will also enable fishermen to access a variety of need based savings and insurance products.

Financial innovation

77. In expanding the outreach of credit for micro enterprises involving larger credit, bankers' reluctance to finance individuals without collateral is an issue. Some of the older and sustainable

MFIs are now looking at the market of financing such micro-enterprises. Such MFIs will be supported through grants for product development, systems development and start up costs to cater to this market.

78. To support financial innovation, the project would commission a study into finance in the fisheries sector in each district. This would seek to get an insight into the complicated finance arrangements in the marketing chain, and identify how the project can enable fishers to get access to credit while minimising risks for lending institutions. The project would also investigate the potential for linking to the Post Office, which is planning to start a savings and credit operation.

79. The project would fund some overseas exposure visits for staff from financial institutions (banks, MFIs, insurance companies, SHG federations etc.) involved in the project.

Risk management and insurance

80. Most rural people are not covered by insurance or other forms of risk mitigation. Membership of active self-help groups will, to some extent, mitigate this through savings and via loans to invest in diversified enterprises. The project will also look for ways to expand the outreach of insurance, pension and savings products to equip the households to mitigate risks by piloting some products and adapting existing products of insurance companies.

81. Insurance companies are particularly reluctant to insure fishing craft and gear (boats and nets) and agricultural crops – due to a combination of the high risk and moral hazard involved. Available products are too expensive to be unattractive. The project will investigate the scope for expanding insurance cover, including community-based insurance, as well as development of suitable insurance products with formal insurance companies. There may be scope to combine accident cover with life insurance.

82. There may also be a viable business in providing health insurance and pension-based savings products.

83. The rural poor have no culture of insurance as a risk management strategy. The project will undertake an extensive training programme for members of self-help groups and fishermen societies to make use of the insurance services. This will aim to encourage groups to link up with insurance companies for endowment and pension schemes.

84. Another risk management strategy is the formation of disaster funds, which provide interest-free loans at the time of disasters. Such funds may be created by self-help groups and fishermen societies and managed by federations or other apex bodies. The project will provide a matching grant to get these funds started. The funds will be invested in such a way that they are accessible when needed.

3. Employment generation and skill training

85. This component would be divided into five sub-components:

Support for self-help groups

86. Although, prior to the tsunami, formation of self-help groups in coastal villages had made less progress than in other parts of the state, many new groups have been formed in the last few months. While some of these groups have been formed by NGOs linked to the Women's Development Corporation, others have been formed by NGOs on their own initiative. None of the newly formed groups interviewed by the mission had received any training. While older established groups have been trained, lack of resources for WDC and NABARD has meant that the amount of training

provided is generally less than the desired level. This is reflected in groups not rotating leadership and being dominated by a small number of members.

87. The project would provide comprehensive training for 3,000 self-help groups covering around one third of village households. It is expected that at least 75% of SHG members will be women. Although many more households are now members of SHGs, some of these groups may be mature enough not to require support, or provided with support from using other resources (such as NGO funds). The project will aim to supplement and fill gaps in this support, especially for male SHGs, which may not be covered by WDC.

88. To ensure the long term sustainability of SHGs, the project will support Federations of SHGs or other types of apex organisations⁵. These organisations should become self-financing, but need some help at the start-up phase in terms of training, staff and overhead costs. The project costs provide for such support for 30 Federations.

Formation of fish marketing societies

89. Formation of fish marketing societies will enable fishers to control the first point of sale of fish, which has been demonstrated to help fishers to get a better price. The project will support the setting up of 50 marketing societies, to be followed up by district-level federations (three) to support village-level societies. The societies will have a membership of between 50 to 75 members (making a total of 3,000 for 50 societies), with membership being limited to owners of small-scale and artisanal craft such as *kattumarans* and *vallams* (motorized and non-motorized).

90. The project will also support the creation of basic infrastructure for the society such as a marketing shed, office equipment, fish crates etc. Boat and outboard motor repair centers will also be set up to provide quality services to fishers.

91. The project will also facilitate the formation of groups for around 6,000 crew as associate members of Fish Marketing Societies. The project will also provide technical and professional support to about 1000 women in society villages for improving their incomes through fish vending and processing. Activities will involve training, provision of ice boxes, drying racks, etc.

92. Members of the marketing societies will sell their catch through the society, which will work on a 3 percent commission on sales. The society will also deduct compulsory savings, insurance premiums and also loan repayments, if any, from the amount payable on sales to the fishermen. As most fishers have debts with traders that prevent them from joining the society, they need loans to repay their earlier debts. The project will provide grants to the selected promoting agency, such as SIFFS, to finance these loan redemptions.

93. Savings will be used for lending to the fishermen, especially during lean periods and for emergency purposes. The society will also mobilize loans from SIFFS and banks. These loans will be to individuals. As the societies gain experience, more need-based financial products will be developed, such as remittances services, savings-linked insurance and pension plans. The project will also enable self-help groups of crew linked to the societies to access financial services through the society.

94. Societies will also be strengthened by the provision of appropriate landing centre facilities. Lack of such facilities have implications for fish prices, human health and marketing. Development of basic facilities such as fish auction halls, sheds for net-mending and repair, fish drying platforms, water, lighting, sanitation and waste disposal facilities, will be undertaken in cooperation with fish

⁵ For instance MYRADA promotes Community Resource Management Centres

marketing societies. The work will be undertaken only after a clear structure has been put in place for maintenance and management of these facilities.

Micro-enterprise Development

95. The project intends to move beyond self-employment through income generating activities to micro-enterprise development using sub-sector business approach. This approach takes into account the sub-sector's potential for growth, economies of scale required for promoting the enterprise and the whole gamut of forward and backward linkages. The approach would include four major steps: (i) sub-sector survey and selection based on potential for growth in income and employment; (ii) sub-sector analysis to gain an understanding of the context for the micro-enterprise, the market, and backward and forward linkages; (iii) technology piloting to demonstrate the commercial feasibility of proposed enterprise; and (iv) expansion of the activity with training and investment.

96. The project would facilitate the process by commissioning sub-sectors surveys that would help identify potential sectors, and then undertaking detailed studies of the sub-sectors identified for expansion. The most important reason constraining micro-enterprise development is the lack the required support during the initial stages of establishment.

97. The proposed Venture Capital Fund in the Rural Finance and Risk Transfer Instruments component, together with loans from banks and MFIs, would assist in providing the finance required. The Micro-Enterprise Development sub-component would support micro-enterprises by building the capacity of entrepreneurs, introducing new technologies, and developing market linkages.

98. The project will provide business development training for entrepreneurs, many of whom will be women graduating from smaller businesses developed in SHGs. Training may cover business management, accounting, finance, marketing as well as technical subjects. This would be supplemented by visits to enterprises and support organizations in the state. After the initial training, entrepreneurs going ahead with investments would get hand-holding support visits and advice.

99. Several Specialist NGOs undertake micro-enterprise development in Tamil Nadu and have accumulated requisite experience in medicinal plant cultivation, backyard poultry, dairy farming, vermi-composting and pickle, pappadam, lace, doll manufacture. Private companies could also be considered. The project would partner with such organizations that would provide the required training and support services. Selection of these NGOs could be based on specific sub-sector analysis commissioned by the project. This would incorporate a detailed proposal for implementation of micro-enterprise development in the sub-sector. Proposals submitted by specialist NGOs or companies for the initial sub-sector survey would be appraised by a team of project consultants and district level project staff. The aim will be to contract an organization to develop a cluster of enterprises in the same sub-sector. This will generate economies of scale in backward and forward linkages and so ensure long term sustainability.

100. To introduce new technologies and business practices, the project would have a fund to demonstrate, on a limited scale, new technologies – such as new ways of drying fish. New ideas would also be introduced by sending selected entrepreneurs overseas for training, and by hiring experts from other countries to come and give their ideas and participate in training (especially for trainers employed by the contracted specialist NGOs).

101. Using the sub-sector approach, the project would help entrepreneurs to build market linkages. This may include better ways of selling to existing customers through improved quality, packing and timeliness (out-of-season production). New customers would also be identified. These may include agribusinesses who buy and process/market crops and fish, and who buy on a contract basis. The project will fund a number of sub-sector / market studies to analyse market chains and identify opportunities. These would be followed up by market linkage workshops – which would bring

together local producers (farmers, fishers etc.) with buyers of their products to find out from each other about market requirements and production potential. The project would also fund visits by producers to more distant markets to meet buyers, and visits by buyers from other districts to meet with project groups.

Vocational training

102. In meetings with fishing communities, the mission was told that many youths would like to move away from fishing and see their future as being in other sectors of the economy. They said they would like training in motor mechanics, welding and metal work. The project would fund six-month courses in such subjects in local technical training institutes, such as polytechnics, some of which already offer similar courses with funding from the Ministry of Human Resource Development in Delhi. Courses should be open to those without formal school qualifications provided they meet basic literacy requirements. Students, who graduate from such courses with a certificate, may find work in the expanding formal sector of the economy, overseas, or start their own businesses. It is hoped that at least 25% will be women.

103. Despite this interest in moving away from fishing as an occupation, it is likely that the vast majority of these fishermen will continue within the sector in the foreseeable future. Given that resources, especially inshore resource, are considered optimally fished, it will be important to look at diversification options within the fisheries sector. From all accounts fishermen are already adopting various strategies, including migration to other states and even other countries (as in the Middle East) as crew, going further off shore for targeting deep sea resources such as tuna, etc.

104. The project will organize workshops that bring together fishermen, technical experts and other resource persons, to discuss resource management, opportunities for better incomes and diversification within the sector, within an overall framework of responsible fisheries. Based on the recommendations of the workshop, training courses will be organized towards skill upgradation and diversification, as appropriate. The basic infrastructure for such training programmes may be presently available within existing institutions and universities. The project will also support technology and skill exchange programmes and bring in external consultants, as required (funded under the micro-enterprise training sub-component).

105. At the start of the project, a Training Specialist would be hired for a few months to identify specific training needs and identify suitable training providers. This would cut across all components of the project.

4. Community Based Sea Safety and Disaster Management

Sea Safety

106. Fishing is one of the riskiest known occupations - in Tamil Nadu approximately 1,000 fishermen are estimated to die each year at sea. To improve safety at sea, it is essential to ensure quick communication with land, both for providing fishermen with warning about imminent bad weather, and to enable fishermen to inform about when they are in danger. As a pilot initiative, it would be useful to explore the use of mobile phones, now quite commonly used among fishermen, in sea safety, in one selected district. This would be particularly useful where cell phone towers are located along the coast with reception up to a distance of 20 to 25 km on the seaward side. Where towers are not located along the coast, negotiations with cell phone companies and provision of incentives in the form of purchase of SIM cards in bulk to provide to fishermen, could lead to investment by companies in towers along the coast. Negotiations could also be taken up with cell phone companies to set up systems for communicating weather information to fishermen, and for ensuring that distress messages from fishermen are communicated to the appropriate authorities. It is

expected that this project will contribute to improving safety at sea through testing out of a pilot initiative.

Support for coastal schools

107. Educating children of coastal communities about their habitat will help in ensuring better awareness among the next generation about how to respond to disasters and the importance of coastal and fisheries resources and their better management. As part of the resource mapping and micro-planning exercise, the views of village communities on the disaster environmental education needs of their school-going children will be obtained and consolidated in the form of a discussion paper.

108. A workshop at the state level will be organized, with participation of resource persons involved in education and in coastal and fisheries management. Based on the discussion paper, the workshop will discuss development of appropriate resource material and curriculum for use in primary schools in coastal areas of Tamil Nadu. Resource persons will then be contracted to develop materials, which will be vetted by experts, tried out in selected schools, and finalized. It will be printed and disseminated to primary schools in coastal areas of the State. The resource material developed will be reviewed after three years, and amended as needed.

109. Two-day workshops with teachers from the selected clusters in each of the six selected districts will be organized on an annual basis, anchored by resource persons. The workshops will discuss environmental education for children, the use of the prepared resource material and practical projects that can be undertaken by children. One-day workshops in 100 coastal schools will also be organized on an annual basis. Appropriate resource persons will be invited to these workshops. Projects undertaken by children will be assessed, and each year, the best school project in each selected district, will be given an award worth Rs. 5,000.

4. Programme Management

110. The project would be implemented through the Tamil Nadu Welfare Society for Self Help Groups (TNWS) which is a state level federation of the District Supply and Marketing Societies (DSMSs). These societies are promoted by the Rural Development Department and this arrangement would allow required flexibility with regard to financial management of the project. The project would develop a three tier project management structure. At the first tier would be a Project Management Unit (PMU) which would be located in Chennai. The project would establish a steering committee under the Chairmanship of the Secretary Rural Development. The representatives from the departments of Rural Development, Finance, Fisheries and other relevant departments would be the members. The Project Director would be the member secretary. The second tier of management would consist of District Implementation Office (DIO) at each project district housed within the DSMS. The District Collectors who are the Chairpersons of the district level societies would also be the Chairpersons of the district level Implementation Advisory Committees. This committee would consist of district level officers of DRDA and the relevant line departments, and representatives from participating NGOs and participating community based organizations.

111. The third tier would consist of Cluster Resource Centres covering about 5-7 villages. The Cluster Resource Centres (CRC) would have a Cluster Advisory Committee consisting of representatives from the Panchayat Raj Institutions, NGOs working in the area, traditional institutions, production societies and SHGs.

D. Project Risks and Assumptions

112. The logical framework shows that the project will face a number of risks if it is to succeed in meeting its objectives of improving the livelihoods of coastal communities. The risks include:

- (a) The large scale of post-tsunami assistance being provided by many agencies could result in these communities becoming reliant on external assistance, and so failing to develop their own capacities and self-reliance. The government is well aware of this danger, and it planning to start phasing out some assistance – such as the monthly cash and food stipend being paid to households who have lost their livelihoods.
- (b) Data on the fishing sector shows that, over the past 10 years the number of boats has increased while the total catch has stagnated, resulting in a decrease in catch per boat. There is a risk that fishers will take to opportunity of compensation for tsunami losses to improve their boats and equipment. Moreover some NGOs are talking of providing a few additional new boats to enable poorer people who previously did not have access to boats, to take up fishing as an occupation. There is therefore a risk that fishing pressure may increase and catches decrease. Although the project will promote diversification into non-fishing occupations, any decline in the fishing sector will have a negative impact on the whole local economy. Against this, the government is not offering the owners of large boats (trawlers etc.) full compensation for their losses. Together with the poor economics of trawling, this may mean that some trawlers are taken out of service, which will reduce damage to the inshore marine ecosystem. There is also the prospect of more effective resource management in the sector, with the World Bank supporting a fisheries policy study and PTSLP implementing village level micro-planning. PTSLP will also provide fishers with training in new fishing methods, which should spread fishing effort over a wider area and diversify catch composition.
- (c) The project is to implement community-level resource planning and management. This will require the active participation of local institutions, such as fishers' panchayats, church committees and village organizations. Although these institutions are cohesive and effective, they might not want to get involved in resource planning. However the mission found that the tsunami has increased their awareness of environmental issues, such as the importance of coastal shelter belts.
- (d) The small sub-component on sea safety will focus on encouraging increased use of mobile phones in fishing boats. This strategy follows developments in Kerala – where phones provide information on market prices as well as being a means of emergency communications. However aerial coverage in coastal areas of Tamil Nadu is not so good and mobile phone companies will need to be persuaded to expand their networks near to the coast. This should happen in any case as mobile phone coverage expands with economic growth.
- (e) The project will need to work alongside other initiatives for post-tsunami reconstruction. Many of these are concerned with other sectors or activities. However the ADB supported programme is proposing to put considerable resources into SHG development and support. Unless the project is carefully coordinated at the district level there is a danger of overlapping. There is also a risk that the ADB programme will provide a much greater degree of subsidy to groups, such as capital grants, which PTSLP groups may come to expect. The mission feels that such grant support is not justified in terms of poverty alleviation, and will tend to undermine the development of self-reliance leading to long term sustainability. There is also a danger of overlapping with other livelihood-related initiatives, especially those concerned with self-help groups. This includes a new World Bank supported project being implemented by WDC. Project design includes provision for coordination at state, district and village level to ensure that different agencies complement each other rather than compete.
- (f) There are also risks concerning the outputs of the micro and rural finance component. The venture capital fund will need to be found a suitable institutional home in a commercial bank which is prepared to put a significant effort into finding viable investment opportunities that are both viable and bring benefits to the project target group. The bank-SHG linkage is vital if SHGs are to access the credit funds they need. Nationally banks are under pressure to focus on more

profitable sectors than SHG lending. However in Tamil Nadu there is more lending by banks to NGOs than in most other states in India, and banks do not appear to wish to scale down their involvement. The project will also back-up bank finance with supporting new offices for MFIs – but MFIs will have to be willing to expand and provide credit to SHGs and also to individual entrepreneurs with larger micro-enterprises. For this to happen, they will need to be able to have interest rate margins that make their operations sustainable. A number of MFIs are well established in Tamil Nadu, but micro-enterprise lending is a new development, which is why the project is funding the development of new lending products and modalities.

- (g) Another risk for the sustainability of micro-finance is that it will be difficult to foster the repayment culture that is necessary to make SHGs viable and sustainable. The current relaxation of conditions for disbursement of bank loans in tsunami-affected villages, the hasty formation of new SHGs with little or no training, and availability of grant assistance, all contribute to undermining the development of a repayment culture. The project design recognises this and proposes to provide a full training package to newly formed SHGs and to work with banks and other financiers to ensure that lending to SHGs is done in a controlled and sustainable manner. However it will be important that the government supports this, and does not undermine efforts by excessive subsidies and regulation of lending terms.
- (h) The project aims to support the development of new approaches to insurance so coastal communities are able to use insurance to mitigate against risks. There is no certainty that viable approaches will be found to insure assets such as fishing boats and nets, or to insure crops. However there are some insurance products that have already exist, at least on a pilot scale, that the project can promote among its target group – these include life, pension/savings products and health insurance. The proposed disaster fund may not appeal to groups or federations who could be unwilling use their resources to build such funds.
- (i) The enterprise development component will need to ensure that sufficient viable opportunities exist to allow the development of larger scale micro-enterprises. There is no question that such opportunities exist – there are many examples of micro-enterprises in the project districts. The risk is more that the project will not find sufficient potential entrepreneurs that, once trained, will have the capacity and resources to invest in these businesses. However the project will adopt a flexible approach, and can always focus more resources on training and support for smaller income-generating activities of SHG group members.
- (j) The project will give some thousands of young people the opportunity to receive six-month vocational training courses. While there is concern that they will fail to find jobs once graduated, the expanding and modernising economy is creating many new opportunities for self-employment as well as employment.

VII. ORGANIZATION AND MANAGEMENT

A. Project Management

113. The Rural Development Department would be the focal point for the project. TNWS would be the implementing agency. This would ensure flow of funds free of government restrictions related to return of unutilized fund to the government at the end of the financial year and bundling of releases towards the fag end of the financial year. It is important that the project funding arrangements and management structures are able to quickly respond to the changing needs, and coordinate with other agencies involved in post-tsunami development.

114. The project would have a three tier management structure. A diagram of the project management structure is shown in Appendix 4 and further details are in Annex 5. The first tier would consist of a Project Management Unit (PMU) in the state capital. The second tier of management would consist of a District Implementation Office (DIO) at each project district, which would be linked to the PMU but working in close collaboration with the District Collectors. The third tier would consist of Cluster Resource Centres each covering about 5-7 villages.

115. It is envisaged that the TNWS would be restructured to allow the Project Director of this project to be the Chief Executive Officer of the TNWS. This being an existing society, run using the member and government contribution the long term sustainability is assured. It is expected that project implementation through this society would further enhance its ability to connect with the members with activities related to SHG strengthening and enterprise development amongst others.

116. The project would be implemented over an eight year period. Although most training activities could be carried out within six years, an eight year period gives time for federations of SHGs and district associations of Fish Marketing Societies to be formed and become self-sustaining.

B. Project Coordination

117. The PMU is expected to coordinate all the project activities and ensure funds flow, financial management, and monitoring and evaluation support including those activities related to start-up of the project. Implementation of core project activities would be carried out by the district level offices, service providers and NGOs. In addition, the project would also engage specialist NGOs, facilitating agencies and service providers to implement various activities related enterprise development, resource management and infrastructure development. All appointments to the positions in the PMU and DIO would be on a contractual basis and shall be obtained from the open market. However, the position of the Project Director would be reserved to the officers of Indian Administrative Service. The appointment of Project Director would be done in consultation with IFAD. In order to ensure speedy start-up, it would be appropriate to appoint accountants experienced in financial and accounting regulations and also procurement procedures of the government to the post of Finance and Administration Manager in the PMU and Finance and Administration Officers in the DIOs. The persons on deputation from the government drawing government fixed salaries may be provided with project allowances. Government officials interested in other project positions would have to compete with the applicants from the open market.

118. At the State level, the Rural Development Department would be the nodal agency for this project. No separate staff creation is seen as necessary at this level for the purpose of coordination. Committees would be established at all the three tiers of project management to ensure coordination with the government and non-government sectors in the project area. The project would establish a Steering Committee under the Chairmanship of the Secretary, Rural Development. This steering committee would consist of members from the departments of Rural Development, Finance, Fisheries, Social Welfare and other relevant departments, and Collectors of participating districts. The Project Director would be the member secretary of this committee. The Steering Committee would meet at least twice a year and would become the focal points for ensuring coordination amongst line departments and implementing agencies. The need for any policy dialogue or policy changes would be discussed during these meetings.

119. At the district level, while project implementation is coordinated by a specially created DIO and the need for coordination with various public and private institutions is self-evident. Hence, a District Level Implementation Advisory Committee chaired by the Collector of the District is envisaged to perform a coordination role and to facilitate project implementation. This committee will have the district level officials of the relevant departments, Project Officer of DRDA, representatives of partner NGOs and the District Supply and Marketing Society as members. The District Implementation Officer would be the secretary of this committee. The Cluster Resource Centres

would have a Cluster Advisory Committee consisting of representatives from the Panchayat Raj Institutions, NGOs working in the area, traditional institutions, production societies and SHGs. The Cluster Coordinator would be the member secretary of this committee. Further details on implementation arrangements, including project start-up, are in Appendix 5.

C. Monitoring and Evaluation

120. Monitoring and evaluation will be a crucial part of project implementation and will involve regular beneficiary impact assessments. An independent M&E unit will be established within the PMU, headed by an M&E Manager with six M&E officers based in the field, plus Manager – Communication and Information Technology. The PMU would engage a consultant during first year to help the project in designing a results-based M&E system. Further details on the proposed M&E system are in Annex 5 (Project Management). M&E activities will include:

- (a) **Activity reporting:** project implementing agencies: District Implementation Offices, Cluster Resource Centres, NGOs contracted to train and support SHGs and Fish Marketing Societies, banks and MFIs, the manager of the venture capital fund, and specialist NGOs implementing the micro-enterprise component, will report each month on the activities undertaken. Information would be recorded on a comprehensive computerised Management Information System (MIS). This would provide data on activities for comparison with indicators in the logframe, and keep track of the development of individual groups and villages. Key data may be included in a project website designed to improve project communications and linkages with other organisations.
- (b) **Process monitoring:** M&E officers based in each district office will make regular visits to a sample of beneficiary groups to obtain feedback from participating communities on project outputs (such as number of active group members, numbers of enterprises stated, and the internal management and cohesion of groups). This data would also be recorded in the MIS. Ad hoc surveys and case studies may also be carried out, particularly to maximise lesson learning from innovations in lending and insurance.
- (c) **Impact Monitoring** will gather information on indicators of project objectives, including IFAD RIMS (Results and Impact Monitoring System) indicators. This involves: (i) sample surveys of households participating in project groups; and (ii) rapid nutrition (anthropomorphic) surveys to gather information on the extent malnutrition and stunting among children less than five years old. The anthropomorphic surveys would be contracted out to an experienced nutrition survey organisation. The sample surveys may be carried by either the M&E unit or a contracted organisation. Experience in India and other countries suggests that impact surveys carried out by the project's own M&E staff are more effective and useful.

121. Prior to the start of these surveys, the PMU would send IFAD the proposed sampling scheme and questionnaires and other data collection forms (and the ToR for any surveys that are contracted out). This would ensure that the data collected matches up with the requirements of IFAD's RIMS system.

122. Project reporting would be as follows:

- (a) **Progress Reports.** The PMU will submit quarterly and annual progress reports to IFAD and UNOPS to provide essential information on the physical and financial progress of project activities and regular assessment of the project impact using a standard format. In addition two project brochures or newsletters and a video film will be produced to disseminate information on project activities and achievements to a wider audience.

- (b) **Thematic Reviews:** The Project would undertake thematic reviews to provide focus to specific themes such as fisheries resource management, insurance, savings and credit, and enterprise development. These reviews would be conducted by consultants engaged by the project.
- (c) **Mid-term Review.** IFAD, in cooperation with the government and UNOPS, will undertake a mid-term review (MTR) towards the end of PY3 to review: (i) the project's achievements and constraints and the performance of implementation organisations; and (ii) the conclusions of the various assessments of project impact and performance. Based on the findings of the MTR, a mutually acceptable action plan for the remainder of the project will be prepared.
- (d) **Project Completion Review.** On completion of the investment programme, but before closing of the loan, the PMU will prepare a Project Completion Review (PCR) according to IFAD's standard format, and present the draft report to the government and IFAD for discussion. Following this IFAD will undertake its own PCR.

VIII. PROJECT COSTS AND FINANCING

A. Project Costs

123. The total project cost, including price and physical contingencies, duties and taxes, is estimated at INR 3,043.7 million or USD 68.6 million. Of this amount, about USD 0.93 million represents foreign exchange costs. Taxes and duties have been calculated at the prevailing rates, it amount to USD 1.02 million, or about 1.4% of total project costs. The total base costs, including duties and taxes, have been calculated using April 2005 prices, and amounts to INR 2,836.9 million (equivalent to USD 64.28 million). Physical and price contingencies are estimated to add another Rs. 206.8 million (USD 4.3 million) or 7% of the base costs to this amount. Investment costs account for 92% while recurrent costs account for 8% of the base costs.

124. Rural finance and risk transfer instruments is the largest component of the project accounting for about (55.7%) of total base costs, followed by employment generation and skills training component (23.7%), coastal areas resources management component (14.6%), Project management and coordination (5.4%) and (0.6%) for the community based sea safety and disaster management. A summary breakdown of the project costs by components and local and foreign exchange costs is shown below in Table 3.

125. The incremental credit fund, which is financed by the Banks/MFIs (74%) and the SHGs (26%), represents the single largest project expenditure category at (52%) of the base costs, followed by training, workshops and demonstration (11%), community infrastructure fund (10%), civil works (9%), recurrent costs (8%), contracted service providers (4%). A summary of expenditure accounts by financier is in Table 4. Full details on project costs are in Annex 6.

Table 3: Project Costs by Components

	(Rs. '000)			(USD '000)			% Foreign Exchange	% Total Base Costs
	Local	Foreign	Total	Local	Foreign	Total		
A. Coastal Areas Resource management								
1. Community Resources Planning	10 450	1 350	11 800	240	31	271	11	-
2. Community Support	105 243	2 559	107 802	2 419	59	2 478	2	4
3. Fisheries Resources Management	27 500	-	27 500	620	-	620	-	1
4. Community Infra-structure Fund	264 500	-	264 500	5 944	-	5 944	-	9
Subtotal Coastal Areas Resource management	407 693	3 909	411 602	9 223	90	9 313	1	14
B. Rural Finance and Risk Transfer Instruments								
1. Venture Capital Fund	36 000	-	36 000	809	-	809	-	1
2. Support for Banks and MFIs	10 320	1 800	12 120	237	41	279	15	-
3. Risk Mitigation	36 550	2 620	39 170	840	60	900	7	1
4. Product Development and Innovations	10 100	900	11 000	232	21	253	8	-
5. Incremental Credit Fund	1 496 765	-	1 496 765	33 635	-	33 635	-	52
Subtotal Rural Finance and Risk Transfer Instruments	1 589 735	5 320	1 595 055	35 754	122	35 876	-	56
C. Employment Generation & Skills Training								
1. Support for Self Help Groups (SHGs)	17 388	-	17 388	400	-	400	-	1
2. Support for Income Generation Activities (IGA)	36 970	-	36 970	850	-	850	-	1
3. Fish Marketing Societies	303 850	12 950	316 800	6 985	298	7 283	4	11
4. Micro Enterprise Development (MED)	198 320	8 535	206 855	4 559	196	4 755	4	7
5. Vocational Training	85 075	-	85 075	1 956	-	1 956	-	3
Subtotal Employment Generation & Skills Training	641 603	21 485	663 088	14 749	494	15 243	3	24
D. Community Based Sea Safety & Disaster Management								
1. Promotion of Sea Safety	2 500	500	3 000	57	11	69	17	-
2. Support for Coastal Schools	15 000	-	15 000	345	-	345	-	1
Subtotal Community Based Sea Safety & Disaster Management	17 500	500	18 000	402	11	414	3	1
E. Programme Management								
1. Project Management Unit	25 111	628	25 739	577	14	592	2	1
2. District Offices	102 972	2 184	105 156	2 367	50	2 417	2	4
3. Project Monitoring & Evaluation	17 950	327	18 277	413	8	420	2	1
Subtotal Programme Management	146 033	3 139	149 172	3 357	72	3 429	2	5
Total BASELINE COSTS	2 802 564	34 353	2 836 917	63 486	790	64 276	1	100
Physical Contingencies	92 994	3 363	96 357	2 138	77	2 215	3	3
Price Contingencies	106 923	3 515	110 438	2 033	67	2 100	3	3
Total PROJECT COSTS	3 002 482	41 230	3 043 712	67 657	934	68 591	1	107

B. Financing

126. The proposed IFAD loan would amount to USD 30 million or 43.6% of the total project costs. The loan will be used to finance revolving funds, training, workshops and demonstration, venture capital fund, technical assistance and studies; contracted service providers; vehicles; equipment; a share of 75% of civil works and the infrastructure fund; 50% as matching grant for the disaster management fund; and 75% of the operation, and management costs. The state Government of Tamil Nadu/Government of India would contribute by an amount equivalent to USD 3.5 million or 5 % in the form of taxes and some other local expenditure, including 25% the cost of civil works and 25% of operation and management costs. The banks/MFIs through lending to SHGs⁶, micro-enterprises, and to fish marketing societies will contribute by an amount of, about, USD 24.9 million, equivalent to 36% of the project costs. The beneficiaries would contribute by USD 10.35 million, equivalent to 15% of the project costs. Their contribution⁷ covers 25% of the cost of community infrastructure (via contribution of labour), the provision of 25% of the incremental credit fund⁸ (via SHG savings), and also 50% of the cost of the disaster management fund.

127. The IFAD loan will be on highly concessional terms with a repayment period of 40 years, including a ten-year grace period, and a service charge of 0.75% p.a. The loan from IFAD would be to GoI and it is envisaged that this will be re-lent on the same terms to GOTN. Recommended loan conditions are listed in Appendix 6.

⁶ includes incremental loans by banks/MFIs

⁷ include contributions of the SHGs, and those of micro-enterprises and savings by fish marketing societies

⁸ see rural finance annex for further details.

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Table 4: Expenditure Accounts by Financier

	Government TN		Banks/MFIs		IFAD		Beneficiaries		Total		For. Exch.	Local (Excl. Taxes)	Duties & Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%			
I. Investment Costs													
A. Civil Works	1 760	25.0	-	-	5 281	75.0	-	-	7 042	10.3	352	5 985	704
B. Infrastructure Fund	-	-	-	-	4 986	77.0	1 486	23.0	6 471	9.4	-	6 471	-
C. Venture Capital Fund	-	-	-	-	809	100.0	-	-	809	1.2	-	809	-
D. Incremental Credit Fund	-	-	24 924	74.1	-	-	8 711	25.9	33 635	49.0	-	33 635	-
E. Revolving Fund	-	-	-	-	603	100.0	-	-	603	0.9	-	603	-
F. Disaster Management Fund	-	-	-	-	179	54.6	149	45.4	327	0.5	-	327	-
G. Vehicles	70	20.0	-	-	278	80.0	-	-	348	0.5	17	261	70
H. Equipments	39	10.0	-	-	352	90.0	-	-	391	0.6	78	273	39
I. Training, Workshops & Demonstrations	-	-	-	-	8 176	100.0	-	-	8 176	11.9	-	8 176	-
J. National TA, Studies & Reviews	-	-	-	-	871	100.0	-	-	871	1.3	-	871	-
K. International TA & overseas visits	-	-	-	-	418	100.0	-	-	418	0.6	418	-	-
L. Contracted Service Providers	17	0.5	-	-	3 409	99.5	-	-	3 426	5.0	-	3 426	-
Total Investment Costs	1 886	3.0	24 924	39.9	25 360	40.6	10 346	16.5	62 516	91.1	865	60 838	813
II. Recurrent Costs													
A. Salaries & Allowances	1 014	25.0	-	-	3 043	75.0	-	-	4 057	5.9	-	4 057	-
B. Operations & Maintenance (O & M)													
2. O & M Vehicles	86	25.0	-	-	257	75.0	-	-	343	0.5	69	240	34
C. Other Expenses	419	25.0	-	-	1 256	75.0	-	-	1 674	2.4	-	1 507	167
Total Recurrent Costs	1 519	25.0	-	-	4 556	75.0	-	-	6 075	8.9	69	5 804	202
Total PROJECT COSTS	3 405	5.0	24 924	36.3	29 916	43.6	10 346	15.1	68 591	100.0	934	66 642	1 015

C. Disbursement, Procurement and Audit

(a) Disbursement

128. IFAD loan funds, having passed through GOI and the state government, would be received by the TNWS. The state government would channel its share of project funds to the TNWS directly through the Rural Development Department. The Government of India would establish a Special Account in New Delhi to receive funds from IFAD. This would be a condition for loan effectiveness. The authorised allocation for the Special Account would be USD 1.0 million.

129. The TNWS would open an account, in a commercial bank acceptable to IFAD. The TNWS would also sign a memorandum of understanding with the state government outlining the procedure for release of funds, accounting, and audit and reporting obligation. The Project Director would be fully authorized to operate the Project Account.

130. The Rural Development Department would have to anticipate the costs involved for launching pre-project and start-up activities. The Rural Development Department would arrange for release of funds to TNWS based on the approved AWPB to cover six months of operation. The first release should be made within 90 days from date of loan effectiveness and accounts replenished on a quarterly basis upon submission of statement of expenditure by the TNWS.

131. The PMU would then release the funds to the DIOs as per the work plan and budget initially to cover six months of operation. The DIOs would release funds for most project activities at the field level. PMU would directly release funds to NGOs and other service providers engaged at the state level. The DIOs would submit consolidated statement of expenditure (SOE) and claim reimbursement to the TNWS on a quarterly basis.

132. The PMU would consolidate all the SOEs and forward the reimbursement claims to the Controller of Aid Accounts and Audit of the Department of Economic Affairs (DEA), Ministry of Finance, and GOI. The verified claims would be forwarded to IFAD / Cooperating Institution. Each reimbursement claim shall not be less than USD 50,000. Compilation of the SOEs would comply with the standard procedures normally used by GOI, which are acceptable to IFAD.

(b) Procurement

133. Procurement of all goods and services financed by the loan will be subject to the provisions of IFAD's guidelines on procurement. Current procurement provisions of GOTN are adequate to meet IFAD requirements. Vehicles, and equipment for project offices and fish marketing infrastructure would be procured by the PMU using National Competitive Bidding (NCB) or Local Shopping procedures as applicable to the state government funds. A switch from purchase of vehicles to renting would be acceptable as long as such decision is taken with due consideration to the cost effectiveness. Contracts to be signed between the PMU/DIOs and the NGOs would specify procurement procedures to be adopted by the NGOs and these would be in line with IFAD's procurement guidelines and the provisions laid down in the Loan Agreement.

(c) Audit

134. The project accounts at PMU level and at each DIO level would be audited annually by a reputed firm of independent auditors acceptable to GOTN. Certified copies of the audit reports and financial statements, including a separate opinion on the SOEs and a management letter addressing adequacy of the accounting and internal control systems, would be submitted to IFAD within six months from the end of the reporting period. In these statements, the expenditures made under the project would be separated from the overall accounts. The GOTN funds are subject to Comptroller and Auditor General's audit as per prevailing provisions of GOI even after the independent auditors have undertaken auditing. In addition to the external audit, the project would establish internal audit mechanisms to ensure regular checks on the utilizations of funds and adherence to established procedures. Resource NGOs and Specialist NGOs would submit audited utilization certificates in a form and substance acceptable to the PMU.

135. Further details on procurement, disbursement, accounts and audit procedures are in Annex 5 (Project Management).

IX. BENEFITS AND JUSTIFICATION

A. Benefits and Beneficiaries

136. The project will reach about 140,000 households in the 200 villages targeted by the project. These households will directly benefit from community resource planning and community infrastructure component activities. They will also indirectly benefit from the boost to the local economy from groups supported by the project. In addition about 400 schools in other villages would get materials for education on coastal environmental issues.

Table 5: Numbers of beneficiaries

Districts covered	6
Villages covered	200
Number of households	140,000
Population	630,000
No. of SHG supported	3,000
Members per SHG	18
Total SHG members	54,000
Fish Marketing Societies formed	50
Members per society	60
Associates per society	140
Total society	10,000
Entrepreneurs supported	12,000

137. Within the 200 project villages, direct support for SHGs is estimated to reach around one third of households – a total of 54,000 families, but members of other SHGs will also benefit if their SHG belongs to one of the 30 SHG Federations supported by the project. Another 10,000 fishers and crew would be members or associates of the 50 Fish Marketing Societies (FMS). The project would also support around 12,000 entrepreneurs with larger micro-enterprises, but many of these may also be members of SHGs or FMS. As these larger enterprises develop, they are likely to employ workers who are not members of the owner’s household, and who may be drawn from poorer sections of the community who are unwilling to take the risk of investing loans from self-help groups.

138. Calculations in Annex 3 estimate that, after a five year period, the 3,000 SHGs should have mobilised Rs.170 million in savings, have an equity within the groups worth Rs.162 million, and have made cumulative loans worth Rs1,766 million. Bank and MFI lending to micro-enterprises should reach Rs581 million, while loans to Fish Marketing Society members would total Rs28 million.

139. The government and other agencies are providing support to re-build damaged houses, repair or replace fishing boats, reclaim salt-affected land and repair damaged infrastructure. This project will complement these rehabilitation activities by enabling communities, especially the poorer households, to re-build and develop livelihoods through a combination of community organisations, skill development, financial services and enterprise development. The approach of the project in developing enterprise and access to markets will allow these relatively undeveloped villages take advantage of emerging opportunities as the economy of India develops and modernises.

B. Markets and Marketing

140. Marketing channels are well established for fish, agricultural products and other local production. The project area is well served by roads (many of which should be improved by post-tsunami infrastructure investment) and railways. However small-scale fishermen are often disadvantaged in terms of access to markets – as they have little access to loans from the formal sector and instead borrow from fish traders, to whom they have to sell their fish at a price lower than the market price. Small-scale fish processors and vendors also face marketing problems. They lack capital and know-how to adopt improved processing methods and to scale-up their operations. The project will address these issues by through the formation of Fish Marketing Societies which will enable fishermen to take control of the point of first sale of their fish, and release them from tied sales to traders. Small-scale fish processors and vendors, who are often women and relatively poor, will be assisted by access to credit and new technologies. Moreover the more entrepreneurial will be able to

scale up their activities to larger scale-micro-enterprises and assisted in the development of forward and backward linkages to markets and input supplies. This may well involve the development of new marketing channels such as direct sales to processors and buyers outside the state.

C. Environmental Impact

141. In view of the Project's proposed components, the various interventions proposed are expected to create localized environmental and social impacts of both a positive and adverse nature. Overall the environmental impact of project should be positive. Development proposals do not involve the abstraction of large quantities of water, construction of reservoirs, development of large-scale irrigation schemes or clearing forests. The enterprises that would be supported are unlikely to be significant producers of hazardous waste. Only small-scale artisanal fishers would be supported – the project will specifically exclude the larger trawlers, which are said to damage the inshore marine ecosystem. On the positive side, community resource planning will increase environmental awareness and result in actions to conserve the environment, including tree planting for shelter belts and more rational use of marine resources. As such it has been classified by IFAD as B.

X. FOLLOW-UP ISSUES

142. Key issues that need to be taken into account in finalising project implementation arrangements are the need to coordinate with other rehabilitation projects and relief efforts. It is important to ensure the project fits into their implementation modalities, and that the activities of the project and the ADB tsunami project are well coordinated. The Rural Development Department is the nodal agency for this project and this arrangement would ensure coordination with ADB and World Bank funded projects. Although the mission has prepared a plan for project activities in some detail, this is, to some extent, illustrative of what could be done, and management will need to be allowed to change plans as the project progresses.

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APPRAISAL

MAIN REPORT

ATTACHMENT 1

MINUTES OF NEGOTIATIONS

(ATTACH HERE: MINUTES OF NEGOTIATIONS)

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ATTACHMENT 2

PROGRAMME LOAN AGREEMENT

(ATTACH HERE: **PROGRAMME LOAN AGREEMENT**)

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ATTACHMENT 3

PROGRAMME AGREEMENT

(ATTACH HERE: **PROGRAMME AGREEMENT**)

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SUMMARY OF LOANS AND GRANTS

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APPENDIX 1: SUMMARY OF LOANS AND GRANTS

 IFAD	Project and Portfolio Management System	CTY060
	Country Portfolio Summary	

Region	Asia and the Pacific	Member of Country Groups:
Country	India	Least developed country No
Lending Terms	Highly Concessional	Low-income, food deficit Yes
Ranking all countries	1	Severely indebted No
Ranking within region	1	HIPC DI Eligible No

Country Indicators	Value	Year Source
Human development index (HDI) value	0.60	2002 UNDP Human Development
Agriculture, value added (% of GDP)	22.70	2002 World Bank
GNI per capita, Atlas method (current US\$)	470.00	2002 World Bank
Population, total	1 048 641 000.00	2002 World Bank
Rural population (% of total population)	71.90	2002 World Bank

Key Dates		
COSOP Approved		13 Jul 2001
First Project Approved		18 Sep 1979
Last Project Approved		19 Apr 2005

IFAD Interventions	Number of Projects	IFAD Approved Financing USD ('000)
Closed	11	302 851
Not Signed	1	15 000
Ongoing	7	161 966
Total IFAD commitment	19	479 817

IFAD Interventions Summary								
Project Number	Loan/Grant Acronym	Currency	Approved Amount	Disbursed	Loan/Grant Status	Project Status	Board Approval	Cooperating Institution
23	L-I--23-IN	SDR	38 500 000	100%	Closed	Closed	18 Sep 1979	World Bank: IDA
32	L-I--32-IN	SDR	42 700 000	100%	Closed	Closed	19 Dec 1979	World Bank: IBRD
49	L-I--49-IN	SDR	13 350 000	100%	Closed	Closed	03 Dec 1980	World Bank: IDA
81	L-I--81-IN	SDR	21 900 000	100%	Closed	Closed	17 Dec 1981	World Bank: IDA
124	L-I--124-IN	SDR	32 000 000	85%	Closed	Closed	21 Apr 1983	World Bank: IDA
214	L-I--214-IN	SDR	9 250 000	100%	Closed	Closed	03 Dec 1987	UNOPS
240	L-I--240-IN	SDR	13 150 000	98%	Closed	Closed	26 Apr 1989	UNOPS
282	G-I-E-36-IN	USD	35 000	80%	Closed	Closed		UNOPS
282	G-I-R-502-IN	USD	22 000	73%	Closed	Closed		UNOPS
282	L-I--282-IN	SDR	14 050 000	92%	Closed	Closed	04 Apr 1991	UNOPS
282	G-I-R-502-IN	USD	3 405	100%	Closed	Closed		UNOPS
325	L-I--325-IN	SDR	21 250 000	89%	Closed	Closed	06 Apr 1993	UNOPS
349	L-I--349-IN	SDR	18 950 000	100%	Closed	Closed	19 Apr 1994	UNOPS
432	L-I--379-IN	SDR	9 650 000	92%	Effective	Closed	12 Apr 1995	UNOPS
1012	G-I-S-33-IN	USD	60 000	21%	Closed	Ongoing		World Bank: IDA
1012	L-I--439-IN	SDR	13 300 000	43%	Effective	Ongoing	05 Dec 1996	World Bank: IDA

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 IFAD	Project and Portfolio Management System	CTY060
	Country Portfolio Summary	

IFAD Interventions Summary

Project Number	Loan/Grant Acronym	Currency	Approved Amount	Disbursed	Loan/Grant Status	Project Status	Board Approval	Cooperating Institution
1040	L-I--444-IN	SDR	16 550 000	21%	Effective	Ongoing	29 Apr 1997	UNOPS
1040	G-I-E-21-IN	USD	100 000	98%	Closed	Ongoing		UNOPS
1040	G-I-S-38-IN	USD	60 000	83%	Closed	Ongoing		UNOPS
1040	G-I-E-21-IN	USD	10 000	100%	Closed	Ongoing		UNOPS
1063	L-I--506-IN	SDR	16 950 000	9%	Effective	Ongoing	29 Apr 1999	IFAD
1063	G-I-S-79-IN	USD	60 000	91%	Effective	Ongoing		IFAD
1121	L-I--538-IN	SDR	16 350 000	31%	Effective	Ongoing	04 May 2000	UNOPS
1121	G-I-S-101-IN	USD	60 000		Cancelled	Ongoing		UNOPS
1155	L-I--585-IN	SDR	16 050 000	4%	Effective	Ongoing	23 Apr 2002	UNOPS
1155	G-I-S-145-IN	USD	60 000	20%	Effective	Ongoing		UNOPS
1210	L-I--568-IN	SDR	11 650 000	10%	Effective	Ongoing	12 Sep 2001	UNOPS
1210	G-I-S-134-IN	USD	90 000	82%	Effective	Ongoing		UNOPS
1226	L-I--624-IN	SDR	27 900 000	7%	Effective	Ongoing	18 Dec 2003	UNOPS

Projects in Pipeline

Current Phase	Number of Projects	IFAD proposed financing (USD '000)
Formulation	1	0
Inception	1	15 000
Total	2	15 000

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IMPACT OF THE TSUNAMI AND POVERTY LEVELS

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IMPACT OF THE TSUNAMI AND POVERTY LEVELS

1. The mission evaluated the impact of the tsunami on the following socio-economic categories.
2. **Owners of large mechanised boats** (trawlers): Many of the owners do not go to sea regularly. Instead, they employ several workers. There is no doubt that the physical impact of the tsunami on boats and gear in this category is most visible; the loss to owners has been the highest in terms of assets destroyed or damaged. The owners have received compensation amounting to a part of the total cost of major damage or replacement; this amount is in a bank and the account is operated by two signatories: the owner and a Government Official, with funds released when repairs are underway or completed. The owners are expected by Government to borrow the amount required over the compensation from the banks. The owners' claim that the compensation amount is insufficient; further they claim that they cannot get loans as they are unable to comply with the conditions. The mission did not find a single boat owner who has applied for a loan, and many owners have not started to repair their boats.
3. This group is the most effective in exerting pressure on Government to obtain relief and rehabilitation support. None of the large boats in the villages visited by the Mission has gone out to sea as yet. The owners' expectations and demands are for: (i) for new boats and gear; (ii) for larger boats to go far out to sea, (iii) for new technology (GPSs, long line fishing, fish finders etc). On the surface it does not appear that their expenditure levels for essentials has declined after the tsunami or that it will decline for a few months more. The mission could not find any of the owners in the temporary shelters. However, they definitely have problems with replacing badly damaged boats or buying new ones; the compensation is inadequate in many cases to meet the high costs involved, many have lost gold and assets which could be pledged for private loans, and their debts to private money lenders have not been repaid in many cases making it difficult to access further loans.
4. **Owners of smaller motorised boats:** FRPs (Fibre Reinforced Plastic) boats (*vallams*) and *kattumarans* (motorised). These owners go to sea regularly and employ two or three workers as well. A large number of these boats were damaged or destroyed. Several repair centres have been set up near the affected villages, largely by NGOs, and are functioning at different levels of regularity. Several NGOs and charities have donated new boats as well. The government has given compensation. Albizzia logs from Kerala are arriving for repair/construction of wooden *kattumarans*. In some villages these boats are going out to sea, but this is in villages where only a few boats were affected. In villages where almost all the boats were destroyed or damaged, no boats are going to sea. The reasons given are several: examples are: "if a few boats which are ready go out, the Government will stop relief measures for the whole village; we expect larger compensation; we will go shortly when the season starts".
5. On the surface, it is not evident that the expenditure levels on essentials of the FRP and motorised *Kattumaran* owners has declined after the tsunami, thanks to major grants from the Governments and NGOs for consumption and in some cases for assets (which are partly at least being used for consumption). However finding cash for emergencies, for education, boat repair etc and other similar expenditures which require lump sums, is difficult. Their ability to borrow from money

lenders has also been significantly reduced since they have lost assets and have been unable to repay past debts. Although, as pointed out earlier, there are visible signs that the grants from Governments and NGOs have enabled them to preserve their pre-tsunami level of consumption, this may not last for more than another three months as the number of NGOs has reduced and Government grants for relief/consumption are declining as resources move into rehabilitation.

6. **Owners of non motorised *kattumarans*** are comparatively in a worse position. To begin with they were poorer and so more vulnerable than the owners of FRPs and motorised *kattumarans*. The compensation they received was also lower which reduces their purchasing power. The consumption levels for essentials of non motorised *kattumaran* owners are falling rapidly; they need to go out to sea by the end of April 2005. There are obstacles to this as, in several villages where a majority of boats were destroyed, the local fishermen's panchayat has decided that all the boats will go out together. Since however there is delay in repair of all the motorised boats, the date for starting is being postponed. All the families related to fishing will be affected by this delay, but the non-motorised *kattumaran* owners, with comparatively less staying potential, will be affected more than others.

7. **Workers on boats** (large mechanised boats, motorised FRP and *kattumarans*). These workers do not own boats and are paid a share of the catch. They fall largely into two groups:

- a) Those whose homes/villages were located in the zone of physical impact of the tsunami. These families have been shifted to temporary shelter camps and have lost livelihood sources: (i) related to fishing (workers on boats, traders, dry fish producers and vendors, producers of baskets and mats used for holding and drying fish); (ii) related to animal husbandry (cows, buffaloes, goats and chickens which they kept in their homesteads); (iii) related to small enterprises (cloth shops, tea stalls, repair shops for cycles, motors etc.); and (iv) related to horticulture (mango & coconut trees and homestead gardens). This group is the worst affected in terms of loss of the livelihood resource base and the most vulnerable because: (i) they are living in the camps where privacy and facilities are limited thereby increasing the risk of domestic violence, sexual abuse, trafficking and HIV/AIDS; (ii) facilities for education, health, playgrounds for children, and open spaces for social events are reduced; (iii) they are unable to revive any livelihoods related to animal husbandry, small enterprises and homesteads until they shift to permanent houses and settlements; and (iv) because boats have still not gone out to sea in significant numbers (the delay may be much longer for large mechanised boats). Government and NGOs have provided consumption grants and banks have provided consumption loans. However the mission anticipates that they will have to stay in the temporary camps for at least 2-3 years, if not longer. The amount of government land available for permanent houses is limited, and private land will have to be taken over, which is usually a long drawn out process, and any election on the horizon will delay things further. Yet, unless these people shift from their temporary shelters they will not be able to take up livelihoods related to animal husbandry and small enterprises, so they will have to just rely on fishing which has still not taken off and will not be up to full strength for at least 6 months.
- b) Those whose homes/villages were not located in the zone of physical impact of the tsunami. Among these families there are members of the fishing community who are largely workers, but there are also villages of tribal families (mainly Irulas) many of whom fish in the backwaters. The livelihood of the workers have been affected since fishing has not taken off; however some of them do earn some income from backwater fishing, animal husbandry, homestead plots and for small enterprises which have a wider market. There is no doubt however that the demand from the fishing community has declined considerably which makes their enterprises far less profitable than before. There is evidence that their levels of consumption have declined in spite of Government and NGO grants. The mission however expects that once the fishing industry recuperates, they will be able to catch up to pre-tsunami level of expenditure.

8. Further improvement of livelihoods for families this category will depend on their ability to adopt alternative livelihoods, not only in the sea and surrounding areas near the seashore, but wherever opportunities exist. To exploit this potential, large scale technical training in established institutions is a priority. This will help them not only to integrate in the larger society, but also to acquire technical skills that are marketable in districts where industry is more established.

9. **Agriculturalists:** There is ample evidence that the salt waters destroyed standing crops including Palmyra trees; but the threat of long term effects on agriculture appear to have diminished considerably with some fields returning to pre-tsunami status due to the heavy rains that the coast experienced in early April. No doubt these untimely and unexpected rains damaged standing crops but they also flushed the lands. The Government has provided compensation to farmers for crop loss and gypsum to treat the soil. NGOs have come in with deep tube wells to provide irrigation in many villages visited by the mission, although what medium to long-term impact this intervention will have on the sub-surface water regime should be assessed before problems arise.

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CHECK LIST FOR GENDER-SENSITIVE DESIGN

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CHECK LIST FOR GENDER-SENSITIVE DESIGN

Prerequisites of gender-sensitive design⁹

	Yes	No	Partial	Issues and Recommendations
1. Project document contains poverty and gender analysis data.	X			
2. Based on the above, the project articulates a gender strategy that aims to:				
Expand women's access to and control over fundamental assets – capital, land, knowledge and technologies;	X			Most SHG members (>75%) will be women and get access to credit and training
Strengthen their agency – thus their decision-making role in community affairs and representation in local institutions;	X			Apart from economic empowerment via SHG, women will be involved in resource planning
Improve well-being and ease workloads by facilitating access to basic rural services and infrastructures.	X			Infrastructure development may include water supply and sanitation
3. The project identifies operational measures to ensure gender-equitable participation in, and benefit from, planned activities, and in particular:				
Sets specific targets in terms of proportion of women participants in different project activities and components;	X			Women to be at least 75% of SHG members and at least 25% of vocational trainees
Ensures women's participation in project-related decision-making bodies; and			X	Women will control female SHGs, and may be represented on the CCDS
Clearly reflects actions identified in the gender strategy in the cost tables;		X		Gender action plan to be developed prior to start-up
Ensures that the Terms of Reference of project coordinating unit or project management unit (PMU) include responsibilities for gender mainstreaming, especially at level of project director, M&E officer, extension officer and microfinance officer;			X	ToR have not yet been drawn up
Explicitly addresses the issue of present and likely availability of field staff to ensure outreach to women, and designs activities accordingly;			X	Not expected to be a problem as many NGOs now operating in the area have many female staff
Establishes experience working with women and marginalized groups and willingness to work with these groups is a criterion for NGO selection.	X			
4. The project logframe and suggested monitoring system specify sex-disaggregated performance and impact indicators.	X			
5. The project provides opportunities for policy dialogue on issues related to gender equality and empowerment of women.	X			Dialogue on coastal resource management will take account of needs of women

⁹ Adapted from: "Mainstreaming a gender perspective in IFAD's operations – Plan of Action, 2003-2006"

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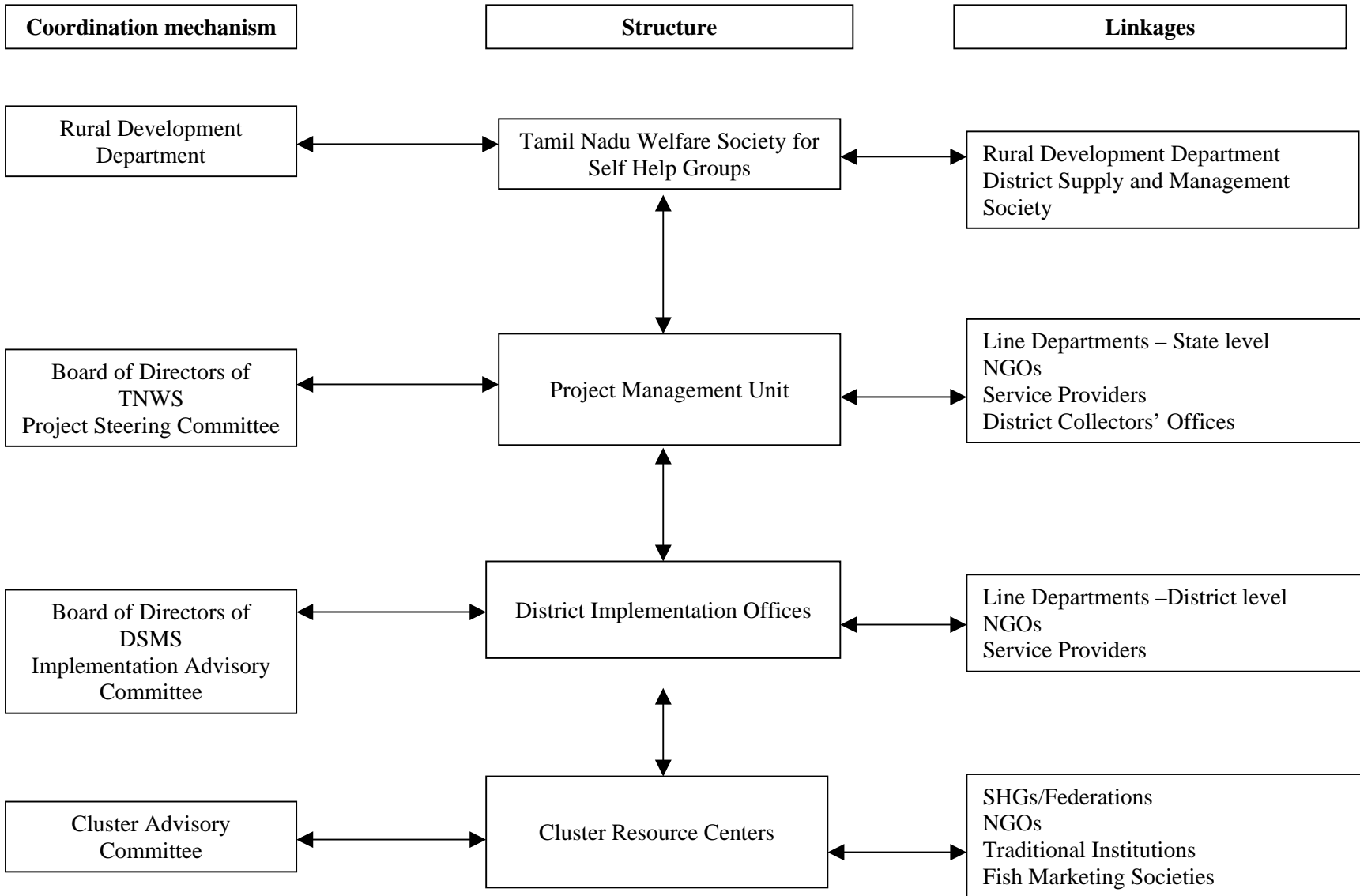
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APPENDIX 4

PROJECT ORGANISATION STRUCTURE

Project Management Structure



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IMPLEMENTATION ARRANGEMENTS

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IMPLEMENTATION ARRANGEMENTS

I. START-UP ACTIVITIES

Recruitment of Staff: RDD would invite expression of interest from candidates belonging to the Indian Administrative Service who have about 10 years of experience, shortlist, interview the short-listed applicants and appoint a Project Director in consultation with IFAD. This would be condition for loan effectiveness. RDD may also identify candidates for the post of Finance and Administration Manager and Finance and Administration Officers from within the government and appoint them for these positions. RDD would thereafter initiate actions such as advertising and short-listing for recruiting other project staff. The Project Director would be part of the interview and selection process for other staff.

Review of bye-laws of TNWS and DSMSs: RDD would review the bye-laws of TNWS and DSMSs in the project districts and make necessary adjustments to allow the government official to become the Chief Executive of the TNWS. Similarly, the DSMS bye-laws would be amended to allow the District Implementation Officer to be the Chief Executive of the DSMS. This would be a condition for loan effectiveness.

Issuance of a government order: A government order will have to be issued agreeing to implement the project through TNWS. This would be a condition for loan effectiveness.

Financial and Administrative Procedures, Human Resource Policy and Terms of Reference for Core Staff and Resource NGOs: The Rural Development Department (RDD) which would be the focal point for this project would appoint consultant/s to formulate financial and administrative procedures, human resource policy and terms of reference for core staff of the Coastal Communities Development Society and Resource NGOs.

1. **Gender Action Plan:** The project would engage a consultant to prepare a gender action plan that would also look at the specific issues confronting women and possible project interventions to alleviate them in addition to mainstreaming gender concerns in all project activities.

2. **Implementation Manual:** The project would prepare an implementation manual providing detailed guidelines for implementation of the project activities once the PMU staff are recruited. This should be sent to IFAD and its cooperating institution (usually UNOPS) for their review and agreement.

3. **Start-up workshop:** On finalizing the implementation manual, a start-up workshop would be organized involving all stakeholders including IFAD and its cooperating institutions. In this workshop, implementation arrangement would be further discussed and fine-tuned for implementation.

4. **Recruitment of staff / NGO/s for managing Cluster Resource Centers:** The Cluster Resource Centers would be the implementation arm of the project at the grassroots level. This outfit would have three core staff. These staff would either directly engaged by the DSMSs or the entire operations would be contracted out to NGOs.

Panel of Consultants and Resource Persons: The project would require consultants and Resource Persons of different specialization. It is would be appropriate if the project advertises its requirement, receives expression of interest, appraises these expression of interests and builds a panel of consultants and Resource Persons. Based on the requirement, the project could directly engage these consultants for project related activities.

II. COASTAL AREA RESOURCE MANAGEMENT

5. Coastal Area Resource Management would be undertaken by the staff managing the Cluster Resource Centres. Initially, the project would identify a Specialist NGO experienced in micro-planning to build capacity of the staff managing the Cluster Resource Centres. On completion of this training, the Specialist NGO would facilitate the community along with the Cluster Resource Centre staff to undertake resource mapping of their village. The traditional community institutions would be the focal point for undertaking this activity and wherever necessary a separate resource mapping exercise would be undertaken with marginal groups such as Dalits and Irulas and women. Based on the resource mapping and an analysis of constraints, the community would be facilitated to prioritize the issues and suggest possible solutions. Based on these, the community would be facilitated by the Cluster Resource Centres to prepare proposals after studying the techno-economic viability of the solutions. The activities under this component are expected to cover three major areas: (i) community based natural resource management; (ii) environment related interventions; and (iii) community infrastructure. The project would fund directly the community institutions to implement most of these activities. The methodology for such flow of funds would be worked out during the preparation of the implementation manual. The activities related to fisheries resource management, curriculum development for schools, sea safety, etc would be contracted to Specialist NGOs / Service Providers. In respect of bigger civil works such as beach landing stations and erosion control measures, the project would first engage an engineering consultant to study the techno-economic viability and to supervise construction and the construction would be contracted out after agreeing on the operation and maintenance of the facilities with Cluster Advisory Committees.

III. RURAL FINANCE AND RISK MANAGEMENT INSTRUMENTS

6. The project activities related to SHG-bank linkage would be undertaken by the Cluster Resource Centres and federations. The PMU/DIOs would plan and implement activities related to training of staff of banks / wholesale financial institutions, exposure visits etc to enhance flow of credit to SHGs and micro enterprises. The project would invite local MFIs to establish offices in project districts and the proposals of these MFIs would be evaluated by the PMU and a MOU would be signed with the MFIs to open district level offices.

The project supported insurance initiatives would have two-track implementation. First, interested communities would be facilitated to establish community-based risk management products. This would be undertaken through the SIFF promoted producer societies or community institutions that have the interest to move towards a more formal and equitable institutional structures with representation from women. Second, the PMU would coordinate a series of workshops to deliberate on the risk management needs of the fishing community and the issues in implementation. Based on these deliberations, the PMU would identify the need for further studies in the sector and development of new products.

The Venture Capital Fund would be housed with a financial institution that has the capability to appraise the investment proposals and also has the necessary skills to provide support for the enterprises to become successful. The IFAD funded Livelihood Improvement Project in the Himalayas is in the process of partnering with ICICI bank to promote a Social Venture Capital Company. The project will have to look at this option and any other emerging options to place the Venture Capital Fund. The project would engage a consultant for this purpose at the end of the first year to work out the options available and the modalities of establishing a Venture Capital Fund. A decision on placing the Venture Capital Fund and selection of the institutions for this purpose will have to be undertaken in consultation with IFAD and its cooperating institution.

IV. EMPLOYMENT GENERATION AND SKILLS TRAINING

Support for self-help groups

12. The project implementation arrangements would accept the reality of multiple NGOs in the project area supporting the SHGs. Some of them have already established federations to provide support to SHGs. The project would provide support to the NGOs working in the area to assist the young SHGs and facilitate emergence federations. The activities of these NGOs would be supervised by the Cluster Resource Centres. The Cluster Resource Centres would be responsible for implementation of activities related to training programs for SHGs, ensuring the proper maintenance of books of accounts and periodic appraisal of performance, etc.

Fish Marketing Societies

13. The project intends to expand the SIFFS model of promoting Fish Marketing Societies. SIFFS would be the service provider to undertake this activity. The project would enter into a MOU with SIFFS for promoting 50 societies in the project area. Based on a detailed proposal from SIFFS including the location, processes and costs, the project would sign a MOU with SIFFS. The MOU would specifically indicate the performance indicators and performance triggers for release of funds.

Support to Income Generating Activities

14. The project would initially commission a study to ascertain the training needs of the community members undertaking Income Generating Activities. Based on this, the project would organize training programs engaging specialists, workshops, demonstrations and exchange visits. The Cluster Resource Centres and the DIOs would be responsible for implementing these activities

Micro-enterprise Development using Sub-sector Business Approach

15. The project would commission district-wise sub-sector survey studies by constituting a team of experts. Based on this study, project would select sub-sectors that hold promise and commission sub-sector analysis study using sub-sector specialists. Several Specialist NGOs / Companies undertake micro-enterprise development in Tamil Nadu and have accumulated requisite experience in medicinal plant cultivation, backyard poultry, dairy farming, vermi-composting and pickle, pappadam, lace, doll manufacture. The project would partner with such institution for micro-enterprise development in selected sub-sectors. Selection of these NGOs/service providers could be based on specific sub-sector analysis commissioned by the project. This would incorporate a detailed proposal for implementation of micro-enterprise development in the sub-sector. Proposals submitted by specialist NGOs for the initial sub-sector survey would be appraised by a team of project consultants and district level project staff. The aim will be to contract an institution to develop a cluster of enterprises in the same sub-sector. This will generate economies of scale in backward and forward linkages and so ensure long term sustainability.

Vocational Training

16. At the start of the project, a Training Specialist would be engaged to: (i) identify vocational training needs of the youth in the project area; (ii) identify suitable providers of vocational training; and (iii) work out costs and the scholarship to be provided for different types of training taking into account internships, procedure for selection of the youth considering the preferences required for Dalits, Irulas and women headed households. Based on this guideline, the CRC would seek applications from the youth in the community which would be short-listed and approved in the Advisory Committee meeting of the CRC.

17. In respect of fisheries related training programmes, the project in collaboration with the fisheries department, SIFFS and other fisheries institutions would identify the fishing technologies for training the fishermen and draw-up plans for conducting the training programme.

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**POST TSUNAMI SUSTAINABLE LIVELIHOODS PROGRAMME FOR THE
COASTAL COMMUNITIES OF TAMIL NADU**

DESIGN DOCUMENT

APPENDIX 6

DRAFT ASSURANCES FOR THE IFAD LOAN

INDIA

POST TSUNAMI SUSTAINABLE LIVELIHOODS PROGRAMME FOR THE COASTAL COMMUNITIES OF TAMIL NADU

DESIGN DOCUMENT

APPENDIX 6

DRAFT ASSURANCES FOR THE IFAD LOAN

CONDITIONS FOR LOAN EFFECTIVENESS

1. The following would be the conditions for the effectiveness of the IFAD Loan:
 - (i) The bye-laws of the TNWS shall have been duly amended to permit appointment of Project Director nominated by the government to be the Chief Executive Officer of the society;
 - (ii) the Project Director has been duly appointed in consultation with IFAD;
 - (iii) the GOI shall have duly opened the Special Account;
 - (iv) the Project Agreement, in form and substance acceptable to IFAD shall have been duly concluded between IFAD and the GOTN;
 - (v) the Project Loan Agreement shall have been duly signed and the signature and performance thereof shall have been duly authorised and ratified by all necessary governmental action; and
 - (vi) a favourable legal opinion, issued by the Solicitor General in form and substance acceptable to IFAD;
 - (vii) A Government Order from the GO would have been issued agreeing to implement the project through TNWS.

CONDITIONS FOR LOAN DISBURSEMENT

2. Prior to the disbursement of any loan proceeds, the following conditions would have been fulfilled:
 - (i) The TNWS would have signed a memorandum of understanding with the state government outlining the procedure for release of funds, accounting, and audit and reporting obligation;
 - (ii) The TNWS shall have duly appointed the Finance and Administration Manager;
 - (iii) the TNWS shall have duly opened the Project Account in a commercial bank acceptable to IFAD;
 - (iv) Subsidiary Loan Agreement in form and substance acceptable to IFAD has been signed between the state and TNWS; and
 - (v) Selection of 200 project villages selected in accordance with selection criteria approved by IFAD.

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**POST-TSUNAMI SUSTAINABLE LIVELIHOODS PROGRAMME FOR THE COASTAL
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DESIGN DOCUMENT

List of Annexes:

- Annex 1: Community Fisheries
- Annex 2: Coastal Agriculture
- Annex 3: Rural and Micro Finance
- Annex 4: Micro Enterprise Development
- Annex 5: Project Management
- Annex 6: Project Costs and Financing

(ATTACH FROM HERE ALL THE ANNEXES)