

B. THE PROJECT DESIGN

B.1

2.1 Project Goal and Objectives

1. The goal of the project is to support GoTN's strategy for reducing poverty among the rural poor and other vulnerable groups, currently outside the reach of most development interventions, through targeted assistance for productive livelihood activities, in a more enabling village environment, using the CDD approach.
2. The development objective of the project is to empower the poor and improve their livelihood through: (a) developing, strengthening and synergising pro-poor local institutions/groups (including Village Panchayats); (b) enhancing skills and capacities of the poor (especially women and the vulnerable); and (c) financing productive demand-driven business plans investments related to livelihoods for the target poor.

B.2 Key Performance Indicators

3. The outcome of the project will be assessed by measuring the following key monitoring indicators:
 - At least 20% increase in incremental income against base year (2006) for 50% of the target households by end of project (EOP)
 - At least 70% target households have increased their incomes
4. At least 80% of the CBOs (VPRCs, EAGs, VPs and Federations) have accessed and managed project funds according to rules and procedures

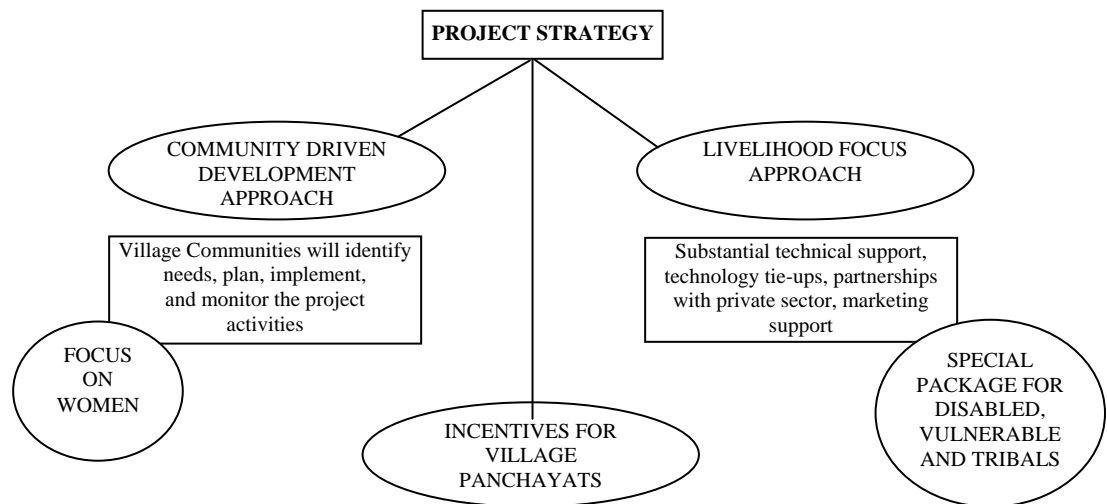
B.3 Project Scope and Strategy

5. The project will focus all its activities on the target population as defined in section B.6 below and identified through participatory identification process.
6. The project will adopt a Three Strategic Intervention model integrating livelihood focus approach, community driven development approach and providing incentives to Village Panchayats for adopting pro poor governance to tap the synergistic and complementary nature of economic, social, human and governance dimensions of poverty. The model is given in Figure 2.1 and detailed below:
 - *Community Driven Development Approach (CDD)*: The project will follow the CDD approach wherein village communities will identify their own needs, design and plan interventions, and implement and monitor them. The key non-negotiable principles that the process will adopt are equity, inclusion, transparency,

accountability, participation and facilitation. The project will have a special focus on women, disabled, vulnerable and tribals

- *Livelihoods Focus:* Village communities will be introduced to new income generating opportunities, provided substantial technical and financial assistance so as to improve the productivity of existing skills, assets and businesses, and reduce vulnerability. Partnerships and tie-ups with private sector, research institutions and other agencies will be established to provide technical know-how, product development and market linkages. Access to savings, credit and insurance services would also be strengthened to help build financial assets and mitigate risks.
- *Providing VP Incentives for Pro-poor Governance:* VPs will be involved in the project processes and will be provided incentives to (a) improve their governance by becoming transparent and accountable to their community members; (b) respond to the needs of the poor by effective identification of the poor and vulnerable; and (c) provide support to the VPRC for it to implement the VPRC Fund efficiently and in accordance with the agreed rules and procedures.

Figure 2.1 Three Strategic Intervention Model for Vazhndhu Kaatuvom Project



B.4 Non-negotiable Principles of the Project

7. The CDD approach for project implementation necessitates compliance with the following basic principles by the community, service providers and facilitating teams as well as project staff. These are called non-negotiables of the project and are summarized below:

- *Inclusion* – Inclusion of the very poor and disadvantaged sections of the community (Disabled, Widows, Destitute and other Vulnerable) will be the key guiding principle of the project. 90% of the project benefits will flow to the poor and the disadvantaged sections of the community. 60% of the village funds will flow to the very poor.

- *Equity* – The project will focus on women and they will play a determining role in all community organizations promoted and in decision-making process related to the project activities.
- *Participation* – The project will ensure participation of all the primary stakeholders, adequately represented by target poor, Disabled and Most Vulnerable and also youth in all project activities. All activities and programmatic decisions of the project at the village shall be based on participatory processes involving at least 60%^{3rd} of the target population.
- *Facilitating Style* – The project functionaries, representatives, resource organizations and support staff will maintain the true spirit of community driven development across all the activities, processes and adopt an enabling style so as to ensure self help and transfer of control to the community. The project shall have faith in the capacity of the poor to undertake, control and decide on all the activities of the project.
- *Transparency and Accountability* – All activities in the project will be done ensuring the transparency and downward accountability.

8. **“Uyirmoochu”¹ - The non-negotiable principles for the community:** The key project principles have been summarized in the form of six “Uyirmoochu” and have been elaborated in Community Operational Manual.

B.5 Selection of Project Districts, Blocks and Villages

9. The **GoTN** held wider consultations with different stakeholders on the methodology of identifying and selecting the target population. Various studies were also undertaken to evolve a methodology in clearly targeting the project benefits to the real needy and the poorest.

10. **Selection of Districts and Blocks:** The project developed a two stage selection process and the first stage is to select the project blocks. All the 385 blocks in the state were ranked in a descending order, with a combined weighted score, based on the criteria given in Table 2.1:

Table 2.1: Criteria for Block Selection

No	Selection Criteria	Weight
1	Percent population Below Poverty Line	0.5
2	Weaker Sections – SC and ST Population	0.5

11. To target the poorest and the most vulnerable areas, the districts with at least three of the most backward 150 blocks, were identified for project implementation. For project interventions, the number of blocks in a district will be limited to five and the number of VPs to a maximum of 225 per district

¹ Means life breath, essentials for sustaining life.

12. Self Selection of Village Panchayat: All VPs in the selected blocks will be eligible for participation. In the second stage, a self-selection process based on willingness criteria will be adopted by the eligible VPs. The willingness criteria basically reflect the VPs acceptance and agreement to follow project rules, processes and non-negotiable principles of inclusion, equity, participation, transparency, accountability and facilitating style. VPs that are agreeable to the willingness criteria and have a Gram Sabha resolution to this effect can apply for the project and will be included.

B.6 Target Population

13. Within the selected VPs, the project will have its focus on the following categories:

- Very poor and Poor and poor households
- Most vulnerable - destitute, widows, deserted women, aged, orphans
- Marginalized communities including tribals, and
- Disabled

14. persons the

15. The target population will be identified by participatory method of identification of the poor using specific tools such as social mapping and wealth ranking as detailed in the Participatory Identification of Poor Manual. The Below Poverty Line (BPL) list prepared by the Rural Development Department, GoTN and other available secondary data will be used as a reference. The list of target population will be approved by the Grama Sabha and displayed in public places in the all habitations.

16.

17. The project will cover approximately 350,000 households and is expected to benefit about 1.75 million persons directly and about 6.6 million persons indirectly.

18. The budget envelope for Village Panchayats would be based on the total target population in the village panchayats by a weighted average of total population and ST population. The allocation will be adjusted for tribal population, as the allocation for STs will be 50% more than that for the poor.

B.7 Project Area

19. Using the selection criteria, GoTN selected 70 backward blocks spread over 15 districts out of the total 30 districts in the State for implementation of the Project. Thus the project will be implemented in 2469 Village Panchayats in these 70 blocks, details of which are given in Table 2.2.

Table 2.2: Basic Information on the 15 Project District

No.	Districts	Blocks	Panchayats	No.of Habitations	No. of Families (total)	Total Population
1.	Coimbatore	5	102	290	131804	458751
2.	Namakkal	6	14	1006	130416	337989
3.	Salem	6	140	1213	140489	512214
4.	Theni	4	80	538	100671	494943
5.	Thiruvarur	4	159	702	87584	380107
6.	Vellore	5	198	1004	141275	662037
7.	Thiruvannamalai	4	183	893	78531	369100
8.	Cuddalore	4	207	761	115844	493083
9.	Kancheepurum	4	186	1097	87689	479352
10.	Ramnad	3	94	676	52687	199994
11.	Nagapattinam	5	187	1224	109980	481611
12.	Thiruvallur	5	182	782	87043	558385
13.	Tirunelveli	6	187	633	122354	465205
14.	Tuticorin	4	200	541	73384	330748
15.	Villupurum	5	130	825	112497	453493
	Total	70	2329	12185	1572248	6677012

20. The project will follow a phased initiation of districts with the first phase starting in 7 districts of Theni, Tiruvarur, Vellore, Salem, Namakkal, Tiruvannamalai and Coimbatore. These districts have been identified considering the percentage of SC/ST population and general preparedness of the district to undertake the project. The remaining 8 districts will be initiated into the project in the next phase.

21. The map of Tamil Nadu State showing the districts selected for project implementation is given in Figure 2.2.

22. The detailed socio economic profiles of the project districts are given in **Attachment B.1**. The list of 70 blocks selected for project implementation is given in **Attachment B.2**.

Figure 2.2 Project Districts

B.8 Project Components

23. The project will have the following components and sub-components:

Component A: Village Livelihood Program

A.1 Formation and Strengthening of Village Institutions

A.2 Village Fund

A2 (i) VPRC Fund

(a) Capacity Building Fund

(b) Special Fund to assist the Disabled and most Vulnerable

A.2 (ii) Livelihood Fund

A.2 (iii) Village Panchayat Incentive Fund

A.2 (iv) Para-professional Development and Federation Development and Strengthening

Component B: District and State support for Village Livelihood Program

B1. Capacity Building of State and District level Teams

B2. Livelihoods and Business Support for establishing linkages and partnerships at District and State Level

B3. Monitoring, Evaluation and Learning (ME&L)

Component C: Project Management

24. The detailed descriptions of the project components are given in Chapter 3(Project Components Description).

B.9 Project Costs

25. The total cost of the project including taxes, duties, physical and price contingencies are estimated to be Rs. 7,171 Million. The summary of component wise project cost estimate is given in Table 2.3. The detailed component wise, year wise analysis of budget is given in **Attachment B.3**.

Table 2.3 - Component Wise Project Cost Summary

No.	Component	Amount in Rs. Million	%
A	Village Livelihoods Program (A1+A2)	6370.00	88.83
A1	Forming and Strengthening Of Village Institutions	643.00	9.00
A2	Village Fund (A2.i+A2.ii+A2.iii)	5727.00	80.00
A2.i	VPRC Fund	2001.00	27.90
A2.ii	Livelihoods Fund	2990.00	41.70
A2.iii	Village Fund – Village Panchayat Incentive Fund	536.00	7.50
A2.iv	Para- professional Development and Federation Development Strengthening	200.00	2.80

No.	Component	Amount in Rs. Million	%
B	District and State Support for Village Livelihood Program	315.40	4.40
B1	Capacity Building at State and District level teams	172.40	2.40
B2	Livelihood and Business Support for establishing linkages and partnerships at State and District Level	90.40	1.25
B3	Monitoring, Evaluation and Learning	52.60	0.73
C	Project Management	485.60	6.77
	Total (A+B+C)	7171.00	100.0

B.10 Project Financing Plan

26. The Financing Plan for the project is given in Table 2.4.

Table 2.4 Project Financing Plan

Source	US\$ Million	Rs. Million
Government of Tamil Nadu	27.00	1218.00
World Bank (IDA)	120.00	5412.00
Village Communities	12.00	541.00
Total	159.00	7171.00

B.11 Project Benefits

27. The various benefits expected to be received by the different stakeholders of the project are summarized in Table 2.5.

Table 2.5 Summary of Stakeholder wise Project Benefits

Project Stakeholder	Benefits
Target Poor	<ul style="list-style-type: none"> • Enhanced household income • Improved quality of life • Improved social status • Increased participation in village development activities • Leadership positions recognized • Increased recognition of needs and priorities • Enhanced allocation of resources and convergence of other programs for solving problems
Disabled and most vulnerable	<ul style="list-style-type: none"> • Inclusion and participation • Improved quality of life • Enhanced social status • Increased income • • Reduction in vulnerability
Women in the village	<ul style="list-style-type: none"> • Recognition of leadership • Greater participation in decision making

Project Stakeholder	Benefits
	<ul style="list-style-type: none"> • Increased income and independence • Better social security • Greater confidence
Youth in the village	<ul style="list-style-type: none"> • Increased opportunity in skill development and employment • Recognition of leadership • More opportunity to participate in the village development • Opportunity to develop as Para-professional • Improvements in income level
Tribals	<ul style="list-style-type: none"> • Autonomous decision making • Increased flow of resources • Increase in income • Improvement in social status • Recognition of leadership and participation in village development activities
Non poor in the village	<ul style="list-style-type: none"> • Increased efficiency of the Village Panchayat • Increased flow of funds to the village • Good governance by VP, CBOs • Improvement in quality of life where VP Incentive Funds are being implemented • Increased availability of quality products and services from EAGs
Village Panchayat	<ul style="list-style-type: none"> • Improved governance • Increased flow of funds • Capacity building of members • Better planning of resources • Better identification of needs and priorities for village development
District Administration	<ul style="list-style-type: none"> • Good governance model for other projects • Capacity building • Convergence of other developmental programs • Enhanced efficiency of rural development activities
Government of Tamil Nadu	<ul style="list-style-type: none"> • Better targeting of resources • Better model for bottom up decentralized planning focusing on community inclusion and decision making. • Aggregation of needs and priorities of the rural poor • Improvement in governance due to increased resource efficiency and effectiveness of development strategy • Improvement public image