

Vaazhndhu Kaattuvom Project - Release of funds of Rs.81.21 crores for the year 2009-2010.

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**Rural Development and Panchayat Raj (CGS.3) Department**

**G.O.(Ms) No.60**

**Dated:**

**16.07.2009**

Read:

1. G.O.(Ms.) No.65, Social Welfare and Nutritious Meal Programme Department, dated 07.11.2005.
2. G.O.(Ms.) No.152, Rural Development and Panchayat Raj (CGS-II) Department, dated 20.10.2006.
3. G.O.(Ms.) No.131, Rural Development and Panchayat Raj (CGS-1) Department, dated 19.07.2007.
4. G.O.(Ms.) No.142, Rural Development and Panchayat Raj (CGS-3) Department, dated 04.09.2008.
5. G.O.(Ms.) No.15, Rural Development and Panchayat Raj (CGS.3) Department, dated 24.2.2009.
6. From the Project Director, Vaazhndhu Kaattuvom Project D.O. Letter No.609/ VKP/C2/09, dated 24.6.2009.

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**ORDER:-**

In the Government Order 2<sup>nd</sup> to 5<sup>th</sup> read above orders were issued sanctioning funds for taking up of various activities in implementation of Vaazhndhu Kaattuvom Project like formation and strengthening of Village Panchyat Institutions, Village Fund, Institutional strengthening at District and State Levels and also for Project Management at State and District levels of Vaazhndhu Kaattuvom Project.

2. The Project Director, Vaazhndhu Kaattuvom Project in his letter sixth read above has stated that in the first phase, the project is under implementation in 578 Village Panchayats in 15 Blocks from October 2006. In the second phase, the project is under implementation in 585 Village Panchayats in 15 Blocks from April 2007. The third phase of implementation has commenced from February 2008 in 635 Village Panchayats and the initial activities for the fourth phase in 719 Village Panchayats have been commenced from November 2008.

The components of the project are as follows:-

<b>Sl.No.</b>	<b>Component</b>	<b>Rs. in Crores</b>
1	Formation & Strengthening of Village Institutions	117.00
2	Village Fund	520.00
3	Institutional Strengthening	31.50
4	Project Management	48.60
	<b>Total</b>	<b>717.10</b>

## **(i) Formation and Strengthening of Village Institutions**

The objective of this sub-component is to support and develop inclusive, self- managed and sustainable community organizations and their federations for livelihood improvement. This sub-component will facilitate and support the formation of Village Poverty Reduction Committees (VPRCs).

To implement this project, Project Facilitation Teams (PFTs), each consisting of four facilitators with one team leader are constituted with the key responsibility of forming and strengthening local institutions of the poor in the village.

Moreover there is a provision to provide monetary incentives to Village Panchayats which are pro-poor and are proactive in implementing Vaazhndhu Kaattuvom Project.

The key outcomes of this sub-component are integration of the poor, the ultra poor and the most vulnerable including the disabled into existing or new Self Help Groups and increased participation of women in the decision making at the Village level.

## **(ii) Village Fund**

The Vaazhndhu Kaattuvom program provides financial resources to the Village Poverty Reduction Committee to implement various development proposals. These funds are collectively called the Village fund. The objective of the Village fund is to enable the village communities to identify, priorities, plan and manage their own funds and access resources for investment. This would increase the income of the community members especially women, unemployed youth and other target people

by providing income generating opportunities and improved access to credit. This sub-component has three main funds: a. Village Poverty Reduction Committee fund, b. Livelihood corpus fund and c. Federation fund.

### **a. Village Poverty Reduction Committee fund**

The objective of the Village Poverty Reduction Committee fund is to develop the Village Poverty Reduction Committee as an inclusive, autonomous and accountable Village Institution representing interests of the most vulnerable members, especially Women, Tribal, Disabled, Vulnerable and Unemployed Youth. The Village Poverty Reduction Committee fund will be mainly utilized for the following activities:-

- a. Capacity building
- b. Special assistance (for the disabled and vulnerable)
- c. Youth development activities

## **b. Livelihood Corpus fund**

The objective of the Livelihood Corpus fund is to help create a community- managed source of capital which will be used to improve livelihood status of the people and will compliment the capital available from member savings and loans from banks and other external sources.

Village level institutional structure has been reformed to ensure that the livelihood fund is managed by an institution that represents Self Help Groups and is decentralized and empowered to take the decisions. This has necessitated restructuring current Panchayat Level Federations (PLFs). It is proposed to operate the Livelihood Corpus Fund as a revolving fund through Panchayat Level Federations to provide loans to eligible Self Help Group members.

## **c. Federation fund**

The objective of the fund is to improve the livelihood of the poor, disabled and most vulnerable by financing productive demand investments on a matching grant basis. These investments will include funding necessary productive infrastructure, equipments, technical assistance, linkages and partnerships.

### **(iii) Institutional Strengthening**

The objective of this component is to (i) nurture and develop competent staff, resource persons and agencies with required skills and capabilities at both the District and State level to support village institutions, (ii) establish service standards to enhance responsiveness and timely support of district and state levels to village institutions, (iii) build linkages and tie-ups with support organizations and service providers to enable communities to broaden livelihood options and improve sustainability of livelihood activities and (iv) establish monitoring, evaluation and learning systems to monitor project progress.

### **(iv) Project Management**

This component would facilitate overall co-ordination, implementation monitoring and learning of the project at State and District levels. The elements of Project Management cost of State and District level Societies include administrative cost, office running expenses, cost of works, consultancies, procurement of equipments etc.

3. The Project Director has further stated that in this project around 90% of funds are released to the Community Organisations at the Village level based on achievement of milestones. Village Panchayats of all four phases i.e., 2517 Village Panchayats will implement activities under Village Poverty Reduction Committee fund during the year. In addition, first, second and third phase Village Panchayats will implement livelihood fund activities. He has

stated that a realistic assessment of funds required for the financial year 2009-2010 has been made after taking into account the unspent funds available with the Project and furnished the following details:

<b>Sl.No.</b>	<b>Component</b>	<b>Budget (2009-2010) (Rupees in Crores)</b>
1	Formation & Strengthening of Village Institutions	20.90
2	Village Fund	246.04
3	Institutional Strengthening	3.60
4	Project Management	13.68
	<b>Total</b>	<b>284.22</b>
	Fund available as on 1.4.2009	<b>121.80</b>
	Fund required for the year (2009-10)	<b>162.42</b>

4. The Project Director, Vazhndhu Kaattuvom Project has informed that he has projected an expenditure of Rs.284.22 crores for the year 2009-2010. He has further informed that since social mobilization and institution building activities have been completed, he will be able to definitely spend the estimated expenditure of Rs.284.22 crores in the current financial year. Moreover, the Project is coming to a close by September 2011. He has requested the orders of Government for sanctioning Rs.162.42 crores under Vaazhndhu Kaattuvom Project grant for the year 2009-10.

5. The Government after careful examination, have decided to release 50% of the Budget Estimates for 2009-10 and accordingly sanction and release a sum of Rs.81,21,00,000/- (Rupees Eighty one crores and twenty one lakhs only) to the Project Director, Vaazhndhu Kaattuvom Project for the implementation of the Project for the year 2009-10.

6. The amount sanctioned in para 5 above shall be debited to the following head of account.

"2235 Social Security and Welfare – 02.Social welfare – 103. Women's Welfare Schemes in the Eleventh Five Year Plan II State Plan – PD.World Bank aided Tamil Nadu Empowerment and Poverty Reduction Project – 09. Grants – in – aid – 03. Grants for Specific Schemes" (DPC 2235 – 02 – 103 – PD-0931)".

7. The Commissioner of Rural Development and Panchayat Raj is authorized to draw and disburse the amount sanctioned in para 5 above by

means of cheque to the Project Director, Vaazhndhu Kaattuvom Project, Chennai.

8. The Project Director, Vaazhndhu Kaattuvom Project is requested to send the utilization certificate to the Accountant General, Government and Commissioner of Rural Development and Panchayat Raj as per orders in force.

9. This order issues with the concurrence of the Finance Department vide its U.O. No. 348/SS (PK)/RD/2009, dated 15.7.2009.

(BY ORDER OF THE GOVERNOR)

**K. ASHOK VARDHAN SHETTY,**  
Principal Secretary to Government.