



Abstract

State Schemes - Vazhdhu Kaattuvom Project – Release of funds of Rs.90.00 crores for the year 2010-11 – Orders Issued.

Rural Development and Panchayat Raj (CGS-3) Department

G.O. (Ms) No.57

Dated: 24.05.2010.
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 Panchayar Raj (CGS-2) Department, dated 20.10.2006.
3. G.O.(Ms) No.131, Rural Development and Panchayar Raj (CGS-1) Department, dated 19.07.2007.
4. G.O.(Ms) No.142, Rural Development and Panchayar Raj (CGS-3) Department, dated 04.09.2008.
5. G.O.(Ms) No.15, Rural Development and Panchayar Raj (CGS-3) Department, dated.24.02.2009.
6. G.O.(Ms) No.60, Rural Development and Panchayar Raj (CGS-3) Department, dated.16.07.2009.
7. G.O.(Ms) No.2, Rural Development and Panchayar Raj (CGS-3) Department, dated 08.01.2010
8. From the Project Director, Vazhdhu Kaattuvom Project, D.O. letter No.833/VKP-C2/2009, dated 05.2010.

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Order:

In the Government Order 2nd to 7th read above, orders were issued sanctioning funds for taking up of various activities in implementation of Vazhdhu Kaattuvom Project like formation and strengthening of Village Panchayat Institutions, Village Fund, Institutional strengthening at District and State Level and also for Project Management at State and District levels of Vazhdhu Kaattuvom Project.

2. The Project Director, Vazhdhu Kaattuvom Project in his letter 8th read above has stated that the Project is implemented in 2,515 Village Panchayats in 70 backward Blocks spread over 16 Districts (including the newly formed Tiruppur District) covering about 5.2 lakh households. 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 in 20 blocks and the initial activities for the fourth phase in 717 Village Panchayats in 20 blocks have been commenced from February 2009. At present the Project is implemented in all the 70 Blocks and 2515 Panchayats. He has further stated the funding pattern of the project is as follows:

World Bank Share	Rs. 541 crores
Govt. of Tamil Nadu Share	Rs. 122 crores
Community Contribution	Rs. <u>54 crores</u>
Total Fund	Rs. <u>717 crores</u>

The components of the project are as follows:-

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

(i) Formation & 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 livelihoods improvement. This sub-component will facilitate and support 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 Vazhdhu 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 SHGs and increased participation of women in the decision making at the Village level.

(ii) Village Fund

The Vazhdhu Kaattuvom program provides financial resources to the VPRC 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, prioritise, 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) VPRC fund, (b) Livelihood corpus fund and (c) Federation fund.

a. VPRC fund

The objective of the VPRC fund is to develop the VPRC as an inclusive, autonomous and accountable village institution representing interests of the most vulnerable members, especially women, tribal, disabled, vulnerable and unemployed youth. The VPRC fund will be mainly utilized for the following activities:-

- a. Capacity building
- b. Special assistance (for the disabled & 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 revised to ensure that the livelihood fund is managed by an institution that represents SHGs 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 PLFs to provide loans to eligible SHG 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, Vazhndhu Kaattuvom Project has stated that a total sum of Rs.483.96 crores has been received as Grant from 2005-06 to 2009-10 and an expenditure of Rs.388.69 crores has been incurred till 31.03.2010. He has further added that the expenditure in the initial has been slow due to concentration made on social mobilisation and institution building activities. The Project has now reached the livelihood promotion stage and the expenditure will skyrocket at this stage. Even in the last year the expenditure has been Rs.189.52 crores as against the target of Rs.162.72 crores. The Project will be on a higher growth trajectory during the current year. The

proposed realistic expenditure under each component for the financial year 2010-2011 is detailed below:-

Sl. No.	Component	Budget, 2010-2011 (Rs. in crores)
1	Formation & Strengthening of Village Institutions	29.25
2	Village Fund	140.56
3	Institutional Strengthening	3.94
4	Project Management Cost	10.39
	Total	184.14

(i) Formation & Strengthening of Village Institutions (Rs.29.25 crores):

To implement this project, Project Facilitation Teams (PFT) each consisting of four facilitators with one Team Leader are constituted with the key responsibilities of forming and strengthening local institutions of the poor in the village.

Each PFT covers about 10 – 15 Village Panchayats. 184 Project Facilitation Teams are working in the cluster level. The facilitators have to orient the Village Panchayats to follow the project principles and implement the project in their villages through a Grama Sabha resolution.

Village Panchayats are provided incentives for their pro-poor and supportive efforts in the implementation of the Project. The Village Panchayat incentive fund is based on meeting conditions of transparency, accountability, equity, participation, efficiency of functioning, their response and contribution to Project and to the poor. This helps in building bond between the Community-Based Organisations and the local Government and in the process, cementing mutual accountability and transparency in activities between community and local Government.

(ii) Village Fund (Rs. 140.56 crores)

Village Poverty Reduction Committee (VPRC) at the village Panchayat level is constituted by Gram Sabha with membership ranging from 10 to 20. VPRC is accountable to the Gram Sabha and is responsible for implementation of the project. Each hamlet in the Village would be represented in the VPRC through a women SHG member elected from the target poor. Two target youth are also inducted into the VPRC to represent the needs of the youth apart from one disabled member.

From District level, on attainment of stipulated milestones VPRC funds will be released in three instalments (i.e. 40%, 40% and 20%) to VPRCs. These funds are to be utilized to form SHGs of the left out poor, develop skill and provide job opportunities, provide seed funds for new SHGs and to provide special assistance to the disabled and vulnerable people. It is proposed that VPRCs of third phase Blocks will receive 3rd instalment and VPRCs of fourth phase Blocks will receive 2nd and 3rd instalments of VPRC fund during the year.

Livelihood corpus Fund is intended for providing an enabling environment to undertake profitable economic activities and to create gainful employment opportunities for the poor.

Village level institutional structure has been revised to ensure that the livelihood corpus fund is managed by an institution that represents SHGs and is decentralized and empowered to take the decisions. This would mean restructuring current Panchayat level Federations (PLFs). It is proposed to operate the Livelihood corpus fund as revolving fund through PLFs to provide loan to eligible SHG members.

District Societies will release Livelihood corpus funds to VPRCs based on achievement of the milestones contained in the financing agreement. VPRCs in turn will release these funds to PLFs. Already livelihood corpus fund to VPRCs of I Block and II Block have been released. It is proposed to release livelihood corpus fund for III & IV Block.

Also it is proposed to release fund to meet set up cost of CPLTCs, setting up of Economic Activity Federations and release of VPRC incentive fund.

(iii) Institutional Strengthening (Rs. 3.94 crores)

At district level to implement this project effectively, a District Society with one District Project Manager, 7 Assistant Project Managers and support staff is formed.

At State Society under the direct control of Project Director a State team consisting of one Additional Project Director and 14 specialists in different functional areas are on board to assist the implementation of this Project. For institutional strengthening a sum of Rs.3.94 crores is expected to be spent during the year. In this, expenses relating to training and workshop, livelihood promotion activities, monitoring and evaluation etc., will be met.

(iv) Project Management Cost (Rs. 10.39 crores)

The elements of Project Management cost of State and District level Societies include administrative cost, office running expenses, procurement of equipments etc of the Societies. A sum of Rs.10.01 crores is expected to be spent during the year.

4. The Project Director, Vazhndhu Kaattuvom Project has informed that he has projected an expenditure of Rs.184.14 crores for the year 2010-2011. He has also informed that since social mobilization and institution building activities have been completed, he will be able to definitely spend the estimated expenditure of Rs.184.14 crores in the current financial year. He has requested the orders of Government for sanctioning Rs.184.14 crores under Vazhndhu Kaattuvom Project grant for the year 2010-2011.

5. The Government after careful examination, accept the proposal of Project Director, Vazhndhu Kaattuvom Project and now release a sum of Rs.90.00 crores (Rupees Ninety crores only) provided in BE 2010-2011 to the Project Director, Vazhndhu Kaattuvom Project for the implementation of the Project for the year 2010-2011.

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 Tamilnadu 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, Vazhndhu Kaattuvom Project, Chennai.

8. The Project Director, Vazhndhu 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.428/Secy (Expenditure)/2010, dated 19.05.2010.

(By Order of the Governor)

K. Ashok Vardhan Shetty.
Principal Secretary to Government.

To
The Project Director,
Vaazhndhu Kaattuvom Project, Chennai – 18.
The Commissioner of Rural Development and Panchayat Raj,
Chennai – 15.
The Accountant General (A&E/ Audit), Chennai-18/35.
The Pay and Account Officer (South), Chennai – 35.
The Director, State Institute of Rural Development,
Maraimalai Nagar, Kancheepuram District.

Copy to:

The Finance (W&M.I/EAP/RD) Department, Chennai-9.
The Senior P.A to Hon’ble Deputy Chief Minister, Chennai-9.
The Rural Development and Panchayat Raj (B&C) Department,
Chennai – 9.
The Private Secretary to Principal Secretary to Government,
Rural Development and Panchayat Raj Department,
Chennai – 9.

//Forwarded/By Order//

Section Officer.