

INDIA

**NORTH EASTERN REGION COMMUNITY RESOURCE MANAGEMENT PROJECT FOR
UPLAND AREAS (NERCRMP)**

INTERIM EVALUATION REPORT

Main Report

IFAD Office of Evaluation

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INDIA

NORTH EASTERN REGION COMMUNITY RESOURCE MANAGEMENT PROJECT FOR UPLAND AREAS (NERCRMP)

INTERIM EVALUATION REPORT

Table of Contents

	Page
Currency Equivalents, Weights and Measures	i
Abbreviations and Acronyms, Fiscal Year	iii
Maps	
Agreement at Completion Point	
Executive Summary	v
I. INTRODUCTION	1
A. Background of the Evaluation	1
B. Approach and Methodology	1
II. MAIN DESIGN FEATURES	2
A. Project Rationale and Strategy	2
B. Project Area and Target Group	3
C. Goal, Objectives and Components	3
D. Implementation Partners and Arrangements	4
E. Changes during Implementation	5
III. SUMMARY IMPLEMENTATION RESULTS	6
A. Main Implementation Results	6
B. Logical Framework and Results Assessment	11
IV. PERFORMANCE OF THE PROJECT	11
A. Relevance of Objectives	11
B. Effectiveness	13
C. Efficiency	16
V. IMPACT ON RURAL POVERTY	17
A. Overview of Participation and Impact	17
B. Impact on Physical and Financial Assets	20
C. Impact on Human Assets	21
D. Impact on Social Capital and Empowerment	22
E. Impact on Food Security	23
F. Impact on Environment and Communal Resource Base	23
G. Impact on Institutions, Policies and Regulatory Framework	24
H. Impact on Gender	25
I. Sustainability	25
J. Innovation and Scope for Replication	26
K. Overall Impact Assessment	26
VI. PERFORMANCE OF PARTNERS	27
A. Performance of IFAD	27
B. Performance of UNOPS	28
C. Performance of Government and Line Agencies	29

D.	Performance of Project Management	30
E.	Performance of NGO/CBOs	30
VII.	OVERALL ASSESSMENT AND CONCLUSIONS	31
VIII.	INSIGHTS AND RECOMMENDATIONS	32
A.	Key Component-wise Topics	32
B.	Overarching Insights and Recommendations	35

APPENDICES

Appendix I - Approach Paper	39
Appendix II - Logical Framework at Appraisal - with Summary of Assessments of Achievement	47
Appendix III - Impact Evaluation Matrix	51
Appendix IV – Project Effectiveness Matrix	53

ANNEXES

(These are available on request from the Office of Evaluation: evaluation@ifad.org)

- Annex I - Agro-Biodiversity
- Annex II - Non-farm Livelihoods, Marketing and Rural Financial Services
- Annex III - Social Sector Activities
- Annex IV - Community Development, Targeting and Gender
- Annex V - Project Management

CURRENCY EQUIVALENTS

Local Currency Unit	=	Indian Rupee (INR)
<i>USD 1.00</i>	=	<i>INR 35 (Appraisal)</i>
USD 1.00	=	INR 45 (Current)
INR 1.00	=	USD 0.022 (Current)

WEIGHTS AND MEASURES

International metric system, unless specifically described in text.

FISCAL YEAR

1 April - 31 March

ACRONYMS AND ABBREVIATIONS

ACP	Agreement at Completion Point (of the IFAD interim evaluation)
ADC	Autonomous District Council (of Assam State)
AWPB	Annual Work Plan and Budget
BoM	Board of Management (of District and Regional Societies)
CA	Cluster Association (of Project village groups)
CBOs	Community-based Organizations
CC	Community Coordinator (for Project/NGO)
CO	Community Organiser
COSOP	Country Strategic Opportunities Paper
CPM	Country Programme Manager (of IFAD)
DC	Deputy Commissioner (i/c of district)
DEA	Department of Economic Affairs
DONER	Department for Development of the North-eastern Region
DRDA	District Rural Development Agency
DS	District Society (for Project direction/oversight)
DST	District Support Team
EIRR	Economic Internal Rate of Return
ICDS	Infant and Child Development Scheme
ICIMOD	International Centre for Integrated Mountain Development
IDRC	International Development Research Centre
JFM(C)	Joint Forest Management (Committee) (communal forest management group)
M&E	Monitoring and Evaluation
MIS	Management Information System
MoU	Memorandum of Understanding
NABARD	National Bank for Agriculture and Rural Development
NaRMG	Natural Resource Management Group
NEC	North East Council
NEHU	Northeast Hills University
NERCRMP	North Eastern Region Community Resource Management Project for the Upland Areas
NGO	Non-government Organization
NTFP	Non-timber Forest Product

PCDS	Project Coordinator and Development Strategist
PM	Project Manager (at district level)
RPSU	Regional Project Support Unit (the Project Coordination/Management entity)
RS	Regional Society (for Project direction/oversight)
SCCGA	State Coordinating Committee for Government Activities
SHG	Self-help Group
TOR	Terms of Reference
VDC	Village Development Committee
WFP	World Food Programme

The Interim Evaluation Mission comprised: Jim Semple, Mission Leader and Rural Development Specialist; Somesh Kumar, Community and Institutional Development Specialist; Wayne Borden, Agro-biodiversity Specialist; Sarath Mananwatte, Economist: Livelihoods, Marketing and Credit; and Dr Mini Bhattacharyya, Sociologist. The Mission was supplemented and its work greatly facilitated by inputs from the national counterpart team, comprising selected members of the Regional Programme Support Unit and the various District cadres. Flemming Nichols, the IFAD Lead Evaluator, joined the Mission for the final week of field work and for the Wrap-up Meetings.

India

North Eastern Region Community Resource Management Project for Upland Areas

Interim Evaluation

Executive Summary

1. The independent interim evaluation of the North Eastern Region Community Resource Management Project for Upland Areas (NERCRMP) was undertaken as a standard procedure in the process of preparation of a possible follow-up phase. The evaluation objectives were: to assess and document the results, impact and performance of the Project and of the partners; and to produce the basis for an agreement at completion point (ACP). The findings, conclusions and recommendations in this report emanate from 17 days of field work, covering all six participating districts in the three states of Assam, Manipur and Maghalaya, 50 villages and intensive interaction with over 1 500 farmers, drawn from self-help groups (SHGs) and natural resource management groups (NaRMGs), with near equal representation of men and women. The report takes into account the IFAD Strategic Framework, PI Regional Strategy and COSOPS of 1999 and 2001, and the development strategies and views of the Government of India, the North Eastern Council (NEC) and the Project Management

2. The Project was designed in the period 1994 to 1997. The main justification was the near total failure of previous top-down, culturally inept development initiatives; economic stagnation and resultant chronic poverty; inability of the traditional jhum system of shifting cultivation to cope with increasing population and decreasing fertility, with consequent threat to environment and biodiversity; and the general air of distrust and disillusion about Government intervention. Given this background, the primary thrust of the strategy was to introduce a development approach that was technically appropriate, culturally sensitive and institutionally effective. The aim at appraisal was to cover 460 villages in two phases of three then four years. Project area villages were to be selected to prioritise the target group criteria of: dependence on jhum; small farm acreage; rainfed cultivation; and prevalence of disadvantaged, vulnerable families. Specific emphasis was placed on empowerment of women; water catchment integrity; and pro-poor, differential benefit entitlement, to augment traditional tribal poverty alleviation customs and practices.

3. The goal of the Project was to improve the livelihood of vulnerable groups in a sustainable manner through improved management of their natural resource base. Further specific objectives highlighted: local peoples, and women's participation; community organisation; environmental know-how; savings and thrift; and access to basic services and infrastructure. The original components were: Capacity Building of Communities and Participating Agencies; Economic Livelihood Activities (farm-based and non-farm); Community-based Biodiversity Conservation; Social Sector Activities; Village Roads and Rural Electrification; and Project Management. Following Mid-term Review in June 2002, the components were structured to comprise: Institutional Support (~7% of funding); Village Development Fund (VDF), including Livelihoods (~52%), Social Sector (~5%), and Village Infrastructure (~20%); Natural Resource Management (~4%); and Project Management (~11%).

4. The implementing partners are Government of India, under the aegis of the North East Council (NEC), embracing the three State Governments and the Regional and District Societies, formed by the Project to address the inadequacy of existing development management capacity. These societies regroup representatives of NEC, relevant central and state line departments, parastatal agencies, District Administrations, participating communities, NGO partners and civil society; at the village level, the SHGs and NaRMGs, NGO facilitators and supervisors, district and block line departments and private sector service providers. Finally, the executive management rested with the Regional Programme Support Unit (RPSU) and six District Support Teams (DSTs), each with a District Project Manager and with a core cadre of six to eight officers.

5. The most notable policy and institutional change made by the Project was the successful establishment of village and community groups and their NGO service providers – all the more so that evidence suggests that emerging that future district development policy is likely to be aligned with these principles. The major design change took place at MTR: an increase of the target coverage from 460 to 1 000 villages; and introduction of the Village Development Fund.

6. As for the community development and institutional support, probably the most exemplary and significant achievement was the formation of SHGs, predominantly of women members: there are now 2 071 SHGs - as against an original target of 920, with 33 056 women members, and 996 NaRMGs. Targeting of the Project and of uptake of individual activities has been reasonably effective, although benefits of some activities are inevitably enjoyed by all sectors of society. The means and application of targeting have proved justified and practical; but there is a concern that outreach to the poorest of the poor is in many cases limited. The gender balance of Project activities has been sound; and Project management, after a chequered start, has progressed significantly, and become highly proficient.

7. The main implementation results under the agro-biodiversity and on-farm livelihood were: the reduction by nearly half of the area under jhum; development or improvement of terraced and irrigated lands; the strong uptake of diversified cropping focusing on horticultural and cash crops, as well as longer term plantations; integration of livestock into cropping and homestead production systems - for over 20 000 households; and community and watershed protection forestry. On biodiversity awareness achievement is disappointing.

8. In non-farm livelihoods, more than 1 600 enterprises, ranging from small shops to weaving factories have been set up, and commercialisation of small farming and cottage businesses is under way, although further work is needed to consolidate marketing, financing and business management aspects. Already over USD 235 000 is being borrowed from formal sources, with so far sound repayment history. This follows the success of SHG credit operations, whereby over 30 000 women members have savings totalling USD 238 000 and a track record of own funds lending, with 100% repayment.

9. In the social sector, construction and rehabilitation of water supply schemes has exceeded target by 50%; nearly 600 villages now have low cost latrine facilities; and the community health and education interventions, while diverging from those planned, have had reasonable impact.

10. The village infrastructure activities have exceeded the road building target by a factor of 9 and constructed 60 bridges or culverts and 25 roadside shelters, making a signal difference to access and transport facilitation. Some 82 community halls have also been built. In electric power supply, 80 out of the targeted 115 villages have been connected to the grid; those outstanding are now waiting for an imminent Government rural electrification programme that will greatly widen the coverage. Only one of the proposed 20 micro-hydro-electricity investments has as yet materialised.

11. In terms of Project performance, given the circumstances of the region and its peoples, the precarious nature of livelihoods and the prevalent state of serious under-development and progressive resource degradation, the relevance of objectives of the goal of the Project was - and remains - very high, a score of 6 on the scale of 1 to 6. The relevance of the other component objectives were also judged to be either high - 5, or very high - 6, with the exception of the non-farm livelihoods, which is marked only moderately high - 4.

12. The effectiveness and efficiency of the Project can best be judged from its physical and financial progress. For the majority of activities, the Project has exceeded physical targets, sometimes by

exceptional margins; principal shortcomings are in modification of jhum cultivation practices, health worker training and electricity supply, for which there are reasonable explanations.

13. In financial terms, current expenditure is only around 35% of available funds, with deficiencies for Village Infrastructure, non-farm Livelihoods and Natural Resource Management. Expenditures have been well controlled overall; and reasonably balanced between districts, with an average of USD 1.55m per district, to a total of USD 9.29m.

14. The rural poverty impact is a function of the numbers of households and people actively involved and the extent of improvement in their livelihood and well-being. In the absence of explicit appraisal targets for many of the activities and of systematic M&E records of impact, best estimates of overall coverage, direct benefit and changes in wealth are summarised below:

- The Project has covered 862 villages comprising 39 203 households (HHs) and 223 450 people, compared to the respective numbers of 460 villages, 23 000 HHs and 131 000 people planned at appraisal; and 1 000, 5 000 and 285 000 targeted (or implied) at MTR:
- The numbers of direct beneficiaries by component or sub-component, based on data from five districts are: for the Institutional Support component – 33 165 HHs and 172 68 people; for livelihoods – 29 388 HHs and 152 041 people; in the Social Sector - 21 081 HHs and 111 119 people; for Village Infrastructure – 16 460 HHs and 82 887; and for Natural Resource Management – 22 073 HHs and 140 478 people. With reference to these numbers and the evidence of field work assessments, the Evaluation Mission concludes that at least 25 000 households have benefited to date – and received substantive advantage from one or more Project activities.
- The wealth ranking aggregate figures are rough indicators of movement in poverty incidence, show that of a total of 18 390 households assessed between 1999 and 2004, the numbers of “poorest” have fallen from 9 742 to 6 455 and those “better-off” have increased from 172 to 625; thus, 18% of the relevant Project households has moved out of the poorest category; and 2% of households have moved up into the better-off category. Village responses confirmed this fact, reporting substantive improvements in family economic and welfare predicament.

15. The main and most direct sources of poverty impact have been the production and income-oriented activities of on-farm livelihoods; crop diversification, irrigation and terracing; and to a lesser degree, non-farm livelihoods and income generation. The key evidence of impact is that of assured food security and higher cash income for the great majority of participating households. The benefits are manifest mainly in ownership of physical assets, resilience of family financial predicament and improved nutrition and health status, in particular for children and women. Poverty impact by domain is scored as shown in the listing below:

Poverty Impact Areas	Ranking
Physical and Financial Assets	5 – high
Human Assets	6 – very high
Social Capital and Empowerment	6 – very high
Food Security	5 – high
Environment and Communal Resource Base	2 – low
Institutions, Policies and Regulatory Framework	2 – low
Gender	6 – very high
Sustainability	3 – moderately low
Innovation and Scope for Replication	5 - high
Overall Impact	5 - high

16. The Project has exceeded, met or come close to meeting nearly all of the targets set at appraisal or modified at mid-term. It has had a commendable coverage of smaller and poorer farm households and a significant impact on a representative cross section of the district population, of whom most subsisted below the poverty line pre-Project, and now many fewer do; and among whom the majority have been women. The only weaknesses in impact have been those related to environment, policies and sustainability.

17. The performance of the partners in implementation has varied. The performance of IFAD is seen as having been generally good, but the Fund could have been more supportive in rectifying some of the earlier deficiencies and obstacles to progress, IFAD is ranked as moderately high - 4. The performance of UNOPS was not satisfactory in the first four years of the Project due to staffing and personal relations problems, but has since improved, although better consultation with the Project as to the expertise needed for specific supervision missions is required; a score of moderately low is given - 3. The performance of Government and line agencies has been constrained by an overly cumbersome structure and procedures and a certain disinterest or lack of collaboration among the local departments; a low performance - 2. Project Management has performed well, after a chequered start and is ranked as high - 5; and NGOs and CBOs have made a distinguished contribution to Project progress and impact and are given a score of very high - 6.

18. The overall assessment of Project performance is that NERCRMP has been a notably successful development intervention, despite the very difficult environment in which it was implemented and the hugely ambitious nature of its geographical and subject matter coverage. In particular, in the empowerment of beneficiaries and in the promotion and progressing of commercialisation of the small farm subsistence sector through the encouragement of savings, thrift and credit, farm enterprise diversification and private sector linkage, the Project has achieved exemplary results. On the principal IFAD measure of performance, rural poverty impact, it is clear that there has been a marked positive change in the predicament of both direct and indirect beneficiaries.

19. The most important insight that emerged from the present situation is that a huge burden of further work is still to be completed, specifically related to bringing the 540 newer villages enlisted since 2003 up to the standard of the more mature villages. This leads to the recommendations:

- that the Project restrict its activities to the current complement of 862 villages; and
- that operating strategies and plans be made to ensure that all villages and groups reach optimal self-reliance and proficiency, including through the assistance of additional staff and/or external service providers.

20. Despite the success of the Project, there is an urgent need to consolidate the empowerment of women and groups by assisting them to formalise their rights to access to land; and to address the predicament of the poorest echelon of the tribal societies, who have not yet become fully involved. Accordingly, the recommendations are made:

- that a study on the topic of land tenure be undertaken urgently and an action plan be produced whereby the Project will assist with advice on tenure registration and possibly with financial help in the form of a loan or matching grant aid for the completion of the necessary legal formalities; and
- that a separate strategy be devised as a matter of urgency, for application across the Project districts and particularly among new villages to ensure the inclusion of the poorest groups.

21. In response to the need expressed by some village and group respondents for more resources for water supply provision, the recommendation is:

22. that the guidelines of expenditure per household and expenditure per component and sub-component be interpreted in a more flexible and pragmatic manner so as not to disqualify crucial infrastructure investments for smaller and poorer communities.

23. Key constraints to the effectiveness of Project Management in taking forward its demanding workload are its limited jurisdiction over district operations and the somewhat erratic and unreliable flow of funds. In this regard, the main recommendations are:

- that the RPSU is given more authority through the aegis of the DC to influence and control district activities in the latter years of the Project; and
- that a new understanding and binding arrangements be thrashed out and agreed by all parties to remedy the deficiencies and delays in funds flow.

24. Notwithstanding the importance of the recommendations presented above, there is a series of critical issues facing Project Management and stakeholders, namely:

- consolidating the achievements and gains that have been made in all facets of Project activity;
- optimising the sustainability of gains, achievements and supporting development operations; and
- facilitating dissemination and replication of the Project approach, modalities and interventions in other villages, blocks and districts.

25. To address these issues, the recommendations are:

- that the Project make greater efforts in most districts to involve the block and district line departments in the development and empowerment of villages and groups. This could be done if necessary by invoking the more active support of DCs to familiarise the cadres with the Project philosophy and operations and provide on-job training and experience;
- that a specific programme of liaison and knowledge sharing with block and district line agency staff be devised and rigorously pursued with a view to devolution of Project tasks and responsibilities as the Project winds down;
- that a similar programme be mounted of active engagement with - and technical and financial assistance to - the NGO sector, directed at district level and possibly also regional level considerations, to also prepare them for potential handover of group fostering and service provision; and
- that District Societies and the Regional Society be given greater responsibility for the planning, the raising of financial resources from Government, donor and NGO sources, facilitation and supervision of development along Project lines, by the allocation of Project funding and the deployment of some of the Project senior cadre, for up to two years after Project closure.

26. Further and finally, taking account of the immense task of bringing the large number of new villages to an acceptable level of self-reliance - two elements are of prime importance in seeing through a satisfactory outcome to NERCRMP, not least in the 540 new villages. On this subject, the crucial recommendations are:

- that as far as practicable, the current Project Management senior cadre be committed and contracted to continue in service up to Project closure, but not necessarily in the same positions; and
- that the Project duration be extended for two additional years, as a minimum, to complete the operations and additional tasks now envisaged, that is up to 31 March 2008 for completion and 30 September 2008 for loan closure.

INDIA

NORTH EASTERN REGION COMMUNITY RESOURCE MANAGEMENT PROJECT FOR UPLAND AREAS (NERCRMP)

Main Report

I. INTRODUCTION

A. Background of the Evaluation

1. The independent interim evaluation was undertaken by IFAD as a standard procedure in preparation of a possible follow-up phase of the Project. The evaluation objectives were: to assess and document the results and impact of the Project and the effectiveness and efficiency of their delivery; and to measure the performance of the implementing partners - all to determine a continuation. A further aim was to produce the basis for an agreement at completion point (ACP) about the follow-up. The evaluation insights and recommendations were developed taking into account the IFAD Strategic Framework, PI Regional Strategy and COSOPS of 1999 and 2001; and the development strategies of the Government of India and the North Eastern Council (NEC).

2. After preparatory work by the IFAD Lead Evaluator, the Mission assembled in India on 11 April and worked under the aegis of the NEC; the Department for Development of North Eastern Region; the Executive Board of the Regional Society; the State Coordinating Committees for Government Activities of the three participating states, Meghalaya, Manipur and Assam; and the respective District Societies for Project execution. Initial briefings in Guwahati were held with officials of the Assam Government and senior Project staff. The work of the Mission was greatly assisted by participation of Project staff and local officials at the districts and villages visited; and by the recent Project self-assessment report.

B. Approach and Methodology

3. For IFAD, the primary focus of evaluation is on rural poverty impact; and a specific instrument has been developed in the form of the impact matrix, which examines how the Project has affected major facets of family and household livelihoods and well-being. Next, the Project performance is assessed in terms of: relevance - of Project objectives and activities to district and target group development needs; effectiveness - in achieving Project objectives; efficiency - of the use of resources and funds in implementation; and sustainability - in terms of prospects for the long-run continuation of benefits. Finally, the performance of Project partners is assessed as a means of evaluation of the approach and operating efficiency. For all of these IFAD parameters, a scoring system of 1 (lowest) to 6 (highest) is applied in this report.

4. **Work Programme.** Some seventeen days were spent in field work, visiting the sites of Project activity, meeting local officials and participants, inspecting Project investments and reviewing the status, performance and impact of interventions. Counterpart regional and district staff members were fully involved and took an active part in the village and group level enquiries and discussions. All six participating districts were covered and visits made to 50 villages. Intensive interaction was held with more than 1 500 farmers and village people, with roughly equal representation of men and women, in both plenary open discussions and in smaller specialist groups, of from five to thirty people, drawn from self-help groups (SHGs) and natural resource management groups (NaRMGs) according to the particular subject matter and interest of respondents. A number of one to one interviews and household visits were also carried out. As part of the canvass of informed opinion of Project performance, relevant sections of the Evaluation Matrix were completed for seven beneficiary groups and four district support staff and partner NGO groups.

5. The findings, conclusions and recommendations of the Mission field work phase were presented in an aide memoir and discussed at a Wrap-up Meeting attended by senior officers of the NEC and the Government of Meghalaya in Shillong on 3 May, with no significant controversy or dissent. Further wrap-up meetings were held with officials of the Department of Economic Affairs in the Ministry of Finance and the Planning Commission of the Government in Delhi on 5 May.

II. MAIN DESIGN FEATURES

A. Project Rationale and Strategy

6. The NERCRMP was designed in 1994 to 1997 in a period of significant national macro-economic and political change, following on fundamental Government policy transformation from state control to a liberalised, market and export-oriented and increasingly industrial economy; and progressive social empowerment, of even the rural poor, tribal and scheduled caste communities. It was the time of the first steps of transformation of India from a third world to an emerging economy, despite the prevalence of poverty among 30% to 40% of the population. Conversely, the institutional and governance framework remained anchored in traditional systems that, while democratic in nature, left much to be desired in terms of representation and effective development for local communities. This was particularly the case for the North East Region, with its predominantly tribal population of small-scale subsistence, jhum - slash and burn - farmers, then of over 30 million, growing at 2.4% per year; its history of immigration and inter-ethnic problems - which persist to a degree today; its reliance on budget grant funding from the Centre; and its higher incidence and severity of poverty, with an estimated per capita income of only 65% of the national average.

7. The Project ethos was that realisation of the considerable natural resource potential of the region depended on removal or amelioration of certain formidable constraints to development. Among these were: the isolation and cultural conservatism - and therefore the backwardness, limited awareness and knowledge, primitive living conditions, general deprivation and hesitance to change - of the people; the history of insecurity and civil strife among the various tribes and communities; the dependence on Government and the political system and hierarchy; the remoteness of the Region and the extreme difficulty - often impossibility - of access and communication; the near total absence of social, welfare, economic and technical services and amenities; the paucity of donor interest and Government investment in development support; and therefore the lack of relevant experience of development principles and practice among all stakeholders.

8. The principal pillars of the rationale for design of the NERCRMP were: the limited success - or virtual failure - of previous development initiatives in the region, based, as they were, on a top-down, sectorally separate and prescriptive approach that largely ignored the socio-cultural complexity of the tribal populations and their inter-relations; the economic stagnation of the rural economy - and the resultant chronic poverty; the inability of the traditional jhum system of cultivation to cope with increasing population pressure and shorter fallow periods, leading to reduced fertility and the consequent danger of longer term environmental and biodiversity damage; and the general air of suspicion, distrust and disillusion about Government intervention in the region.

9. Given this background, the primary thrust of the strategy for the Project was that of demonstrating a new approach to development that would be technically appropriate, culturally sensitive and institutionally effective. This necessitated a modality of implementation that developed a genuine partnership between communities, Government and other collaborators, in which all Project interventions would be: demand-driven and client-oriented; in line with the indigenous knowledge and capabilities of the people; and implemented with clear transparency and accountability.

10. Accordingly, the other pertinent elements of the strategy were to: inculcate participation by communities, initially in formulation of Community Resource Management Plans and in the diversification of livelihood systems; build their village and local organisations into capable agencies for development planning and implementation, not only for the Project but in the longer term; change

the attitudes and behaviour of the key actors in regional and local development, namely the line agency staff, NGOs, supporting institutions and service providers, including the private sector, notably for extension, marketing and credit; and arrange and fund the necessary training, orientation and experiential learning activities to underpin the expected transformation.

B. Project Area and Target Group

11. The Project was designed to cover a contiguous area stretching over the three states of Meghalaya, Manipur and Assam; and to encompass in the first, three year phase, 80 villages in the six districts of West Garo Hills and West Khasi Hills; Ukhrul and Senapati; and North Cachar Hills and Karbi Anlong, the only two upland districts in Assam, respectively. It was anticipated that after mid-term review - in years four to seven - a further six districts and 380 villages could be included, giving a total of 460 villages. The intention was that the Project area comprise clusters of villages in the same watershed, selection being based on criteria of: importance of and dependence on short cycle, jhum farming; limited terraced or irrigated land and high population pressure; coverage of different agro-ecological zones and tribes and homogeneity of population; accessibility of sites; and propensity of beneficiaries for positive response to development initiatives. In an attempt to develop pilot examples of potential linkage between biodiversity conservation and livelihoods, clusters of villages around existing or proposed national park or reserved area sites were to be included.

12. The appraisal envisaged that the target group would comprise the most vulnerable echelons of the rural population, namely those households that remained solely or heavily dependent on jhum cultivation, with small and inadequate areas of terraced or valley land and/or cash crops. Since it is necessary in the North East to approach whole communities for development participation and to capitalise on the traditional cohesiveness of the society, preponderance of these disadvantaged households was to be the main targeting criterion. A further degree of targeting was to be achieved: by the inculcation of equity considerations in community investments and activities; by placing specific emphasis on the empowerment of women, in line with the progressive gender policies of Government; and by the application of a differential scale for the application of benefits in favour of the most resource-poor families. In addition, it was necessary to align village selection with the natural resource aspects of degree of contiguity for catchment integrity with respect to watershed management and soil and water conservation. Other than these, the implication was that the detailed targeting of Project activities would be decided in the context of the established tribal customs and in the process of initial selection of villages and mobilisation of their communities.

C. Goal, Objectives and Components

13. The goal of the Project was to improve the livelihood of vulnerable groups in a sustainable manner through improved management of their natural resource base that would restore and protect the environment. The clear focus at the outset was on moderation or adaptation of the exploitative jhum cultivation, so as to prevent land degradation and optimise soil and water use.

14. Further specific objectives were to:

- promote more sensitive development (than the prevalent top-down, technocratic approach);
- enhance the participation and capabilities of local people;
- increase family income from farm and non-farm sources;
- create and foster environmental awareness and knowledge;
- establish effective systems for input delivery and asset maintenance;
- increase the participation of women in local institutions and community decision making;
- enhance savings capacity and promote thrift; and
- provide access to basic services and social infrastructure.

15. The original components were:
- Capacity Building of Communities and Participating Agencies (~9% of total funding, USD 2.9m)
 - Economic Livelihood Activities (farm-based and non-farm; ~50%, USD 16.5m)
 - Community-based Biodiversity Conservation (~1%, USD 0.27m); Social Sector Activities (~7%, USD 2.2m)
 - Village Roads and Rural Electrification (~21%, USD 7.1m); and Project Management (~13%, USD 4.2m)

16. Following the Mid-term Review and Supervision report of June 2002, the components were re-jigged to comprise:

- Institutional Support (~7%, USD 2.1m)
- Village Development Fund (VDF), including Livelihoods (~52%, USD 15.7m)
- Social Sector (~5%, USD 1.5m)
- Village Infrastructure (~20%, USD 6.0m)
- Natural Resource Management (~4%, USD 1.2m)
- Project Management (~11%, USD 3.3m)

17. The configuration of components was predicated on a review of the development status and potential of the region, which highlighted a number of critical factors of design. These included: the potential for evolving new livelihood activities based on both diversified cropping systems - that would lead to higher incomes as well as assisting in the reduction of reliance on jhum - and on non-farm pursuits related to traditional crafts such as weaving, use of bamboo and cane and exploitation of non-timber forest products; the need - and potential - for the involvement and empowerment of women; the weakness and lack of relevance and outreach of the agricultural research and extension services; the inadequacy of the civil and social infrastructure; and the virtual absence of formal credit provision, but the recent evolution - and active promotion - of self-managed savings and credit groups as a stepping stone to the development of new systems of rural financial intermediation. The emphasis on livelihoods and infrastructure is clear from the proposed pattern of expenditure by component; the savings and credit initiatives were embodied in the Community Capacity Building/Institutional Support activities - and principally in the fostering and support of village-based groups.

D. Implementation Partners and Arrangements

18. The Project was designed to be an intervention of the Government of India, under the aegis of the NEC, itself an amalgamation of the three State Governments - of Manipur, Meghalaya and Assam - under the federal Ministry of Home Affairs. Given the absence - or weakness - of existing development management capacity within the region, the states and the districts, the structure for Project oversight and direction necessitated the formation of a Regional Society, with its own Governing Body and Executive Board, comprised of senior NEC staff - with the Secretary, NEC as chairperson - and representatives of relevant central and state line departments, parastatal agencies, participating communities, NGO partners and civil society.

19. District Societies were also formed, on a similar pattern of membership and representation, with the Deputy Commissioner or Principal Secretary - effectively the head of the District and the Council - as chairperson, the Programme Coordinator and Development Strategist (PCDS) as member and the Project Manager of that district, as member secretary. Below the district level, the main participants were the Village Development Committees and the SHGs and NaRMGs formed by the Project, along with their NGO facilitators and supervisors and the district and block line departments and private sector service providers and trading/marketing partners.

20. The executive management of implementation was entrusted to the Regional Office in Shillong, Meghalaya, also known as the Programme Support Unit (PSU), headed by the Programme Coordinator and Development Strategist and his regional supporting team; and six District Support

Teams (DSTs), headed by the District Project Manager (PM) and with a core cadre of six to eight officers, concerned with technical, business and institutional development, natural resource management, monitoring and evaluation and accounts and audit. Neither the PSU nor the DSTs were endowed with a full complement of the technical staff required to support Project activities; the intention was that such expertise would be supplied as needed from the line departments or other professional sources. Staff were either contracted employees or were seconded or deputed from line departments or other local or State Government agencies. Executive responsibility for Project operations at the grass roots and village level was delegated to the partner NGOs that were the principal, contracted service providers.

21. The processes of NGO selection and training and village selection for Project participation were the primary responsibility of the DSTs, assisted where necessary by inputs from the regional PSU. For many of the smaller and essentially local and new NGOs the training of their Supervising Organisers and Community Coordinators in participatory rapid appraisal (PRA), community mobilisation, natural resource planning, livelihoods approaches, enterprise and financial management and training techniques and skills was necessarily exhaustive and comprehensive. For the larger and better established NGOs, rather more limited and refresher training was needed. Following this initial training, NGOs, with their local contacts, familiarity and language capabilities were found to become rapidly proficient in group formation and community and organisational development.

E. Changes during Implementation

Policy and Institutional Changes

22. Despite a slow start, the Project has been able to make a mark for itself in the development sector. Its achievements in the field of community organization and participation; formation of viable and sustainable SHGs; breaking of the dependence syndrome and realization of the strength of self management; the pro-poor and poverty targeted approach; and enhancement of sustainable livelihoods have been widely recognized. However, the Project has been so engrossed in implementation that policy advocacy and influence has not been of priority up to now. Nevertheless, there are already signs that State Government are taking notice, inasmuch as Meghalaya is understood to be considering adoption of the participatory and village planning approach of the Project for many of its routine line department operations. The Board of Management at the regional level and the SCCGA at the state levels have also so far made limited impact in influencing policy, although this can be expected to change in future as the results of the NERCRMP become more widely known.

23. On the institutional front, again the principal effect of the Project has been at the grass roots, village and local levels and has been most felt among the Project groups and cluster associations and federations and their NGO partners. In some districts, notably in Meghalaya, this influence of the Project has also extended to the line departments whose support has been engaged in the provision of technical assistance to SHGs, NaRMGs and Project staff for the planning, design and operation of investments and enterprises. However, in most districts line departments have so far had only a peripheral involvement in the Project and therefore have not been markedly changed. This situation is again likely to be transformed in the subsequent phases of implementation because engagement of the formal organs of governance is a prerequisite for the convergence of Project and local government activity that will be the necessary, but probably not sufficient condition, for sustainability of Project achievements and operations.

Design Changes

24. The principal change in design of the Project was that of increasing the target coverage from 460 to a proposed 1 000 villages, which took place at the time of the Mid-term Review (MTR) in 2002. Given that the number of villages already engaged in the Project at the time was 331 - and that at that stage the demands and difficulties of implementation were already clear - the decision to treble

the targeted number of villages must be questioned. Although the MTR recommended the simplified village planning approach described below, it is not clear whether this amounted to the commensurate amendment of operating modalities and shift in resource allocation to support the village expansion. In the event, the present Project coverage of 862 villages has been achieved at significant cost in terms of management and service provider effort; and the subsequent recommendation from supervision - and from this evaluation - is that no further increase of village numbers should now be contemplated.

25. A further major change in Project design was that of introduction, at the behest of Project Management and with support of UNOPS and the Mid-term Review team, of the Village Development Fund, VDF, as a mechanism for fostering stronger participation, simplifying village planning techniques and approval and financing procedures, encouraging more rapid absorption of funds and widening and deepening Project coverage and impact. The need for this change had been signalled by the year 2001 by the lack of uniformity of coverage and equitability of benefit across districts and villages that resulted from the learning curve involved in the early years. The concept of the VDF was that villages would have a much abbreviated initial consultation and planning process and greater assurance of the adequate and timely availability of funds for priority schemes. It was implicit in the reorganisation that greater flexibility of funding would prevail: this has yet to happen.

III. SUMMARY IMPLEMENTATION RESULTS

A. Main Implementation Results

Agriculture, Land Use and Biodiversity Conservation

26. In general, the majority of project activities have done unusually well and exceeded the physical targets, occasionally by exceptional ratios. The major shortcomings have been in the limited modification of jhum cultivation practices, health worker training and electricity supply, for which renewable explanations exist.

27. While still practised extensively, the area under jhum has decreased significantly. To date, 10 211 hectares (ha) of former jhum land have been converted in Project communities, against a target of 23 000 ha. This includes 4 887 ha - against a six-year target of 4 964 ha - converted to permanent horticultural crops. However, it is striking that most jhum activity involves total burning and clearance of steep lands and no use of conservation measures. This negligence of conservation is in contrast to the sound husbandry skills of farmers and their receptivity to other Project messages. Serious soil conservation is not practised in any of the districts; plantations are deemed sufficient soil conservation practice.

28. Small acreages of new terracing have been achieved, and minor irrigation structures have been started in a few places in all districts, comprising 492 ha of new irrigation - against a target of 370 ha - and repair of 1 530 ha of existing irrigation, against a target of 1 370 ha. The potential for increasing irrigated agriculture in most Project villages is limited either by the lack of perennial streams, or where streams exist, a shortage of valley land. Home vegetable gardens were little known pre-Project; now they have been taken up by over 16 300 households, predominantly in longer established villages, adding substantially to household food supply and income from produce sales.

29. Animal husbandry has markedly increased in Project villages, providing income to assure food security and other requirements. Pig and poultry, including duck, rearing have been adopted and are proving highly profitable in 8 162 and 12 334 households respectively. Cattle numbers - 1 251 for 724 households, mostly for selling milk locally - and goat numbers, at 900, are increasing more slowly. Animal health and veterinary services lag behind husbandry, but village animal health workers have been trained and equipped in most villages. The number of fish ponds has increased substantially to 176 ha - the appraisal target was 50 ha; and 470 ha in 547 locations are under fish-rice culture in

irrigated terraces. Where hives and procedures have been supplied, beekeeping and honey production has greatly increased.

30. The majority of communities, at least at the Cluster level, have established community forests on former jhum land and many have also established forest and watershed reserves. Community forest development has improved availability of NTFPs for household food and income. To date 7 320 ha have been allocated as Biodiversity/Community Forest Reserves, against a target of 3 965 ha, an 180% achievement. Only in West Garo Hills is serious attention paid to biodiversity management, with the formation of three elephant reserves/corridors covering 120 km².

Village Infrastructure

31. The implicit aims of the village roads and rural electrification component were to improve village access to facilitate transport of people, farm inputs and produce, household supplies and the reach to social services and amenities; and to provide the electric power necessary for development of non-farm commercial and small industry activities. Some 170 km of upgrading and 20 km of bituminised new roads serving 190 communities were planned; 126 km of upgraded roads and 181 km of new, laterite/gravel roads comprising 140 separate schemes and representing a physical performance of 74% and 900% of target, were achieved. In addition, 46 culverts/small bridges and 14 hanging bridges that had not been specifically targeted, were built under the roads sub-component.

32. In rural electrification, of a proposed 115 village grid connections and 20 micro hydro electricity schemes, only 80 villages - that is, 70% - have been connected; and only one micro-hydel scheme financed and constructed - and is yet to be commissioned. The limited penetration is due to the fact that Government is expected to take up a more active rural power programme; some Project villages have already deposited their share of the funding in anticipation of imminent action. The future of micro-hydel investment is less clear. However, under the revised VDF, 25 road side waiting sheds - for passengers and market produce; and 82 community halls have been constructed; these are additional to the infrastructure planned.

33. Principal constraints for infrastructure have included those of availability - or allocation - of funds; too rigorous application of the Project guidelines for expenditure per household and for share of expenditure by component; the lack, in the Project Support Units, of professional expertise - and/or failure or hesitation to use private consultants - for planning, design and supervision of construction of larger schemes; the reliance on local government agencies for both design and approval, thus causing a potential conflict of interest; and a certain laxity in procedures, which, on audit, may imply legal liability for approval of unsatisfactory sub-projects on Project staff.

Non-farm Livelihoods

34. Non-farm livelihoods are important for income diversification and risk management for North East communities. Although no explicit targets were set, the assessment is that they have been satisfactorily supported by the Project. A large number of non-farm livelihood activities are already operating. Among them are small retail shops - 238; handicraft units - 80; pharmacies - 66; weaving enterprises - 592; potteries - 484; rice mills - 29; and many others. Some of these activities are individual household enterprises, such as small retail shops, tailoring and handicrafts; while some are collective group efforts of SHGs, for instance, weaving; of NaRMGs - rice mills; or clusters, for example a co-operative milk marketing chain.

35. The source of funds for individual activities has been small loans to members from SHG savings. The Project has also extended financial assistance to establish revolving funds to NaRMGs; these have been used mainly for infrastructure activities, for on-lending to members for on-farm activities, or for collective group enterprises. The majority of these activities are still at an early stage of economic development and stability. In the absence of statistical evidence, it is difficult to judge

their impact. However, interaction with beneficiaries showed that individual households do receive additional income and are able to sustain such activities; but more improvement is a priority.

Marketing

36. Marketing is a notable weak link in the regional economy. The Project developed a cluster-wise, crop-specific approach for on-farm livelihoods development. Some of the main crops identified for promotion are banana, ginger, pineapple, passion fruit, areca nut, patchouli, aloe vera and other medicinal plants. Presently, crops are at various stages of maturity; some are already producing in small quantities; most will come into full production within the next two to five years. Those crops approaching commercial scales of production include: banana - 373 ha; ginger - 486 ha, passion fruit - 435 ha, areca nut - 183 ha and patchouli - 55 ha; and these are steadily increasing. With Project assistance, villagers have developed homestead gardens extensively with mixed crops, mainly vegetables, and presently producing marketable volumes. In addition to crop development, many households have expanded livestock - notably pig and poultry rearing units - and fish production.

37. There is a marked increase of traders making frequent visits to villages, especially to buy livestock and vegetables; and to trade goods required by the villagers. Visible signs are that this trend will further increase. However, in a limited market, the producer is often compelled to sell produce at low prices. Since, as yet, marketable surpluses are limited, they are mostly sold individually in small quantities at village fairs, but some produce - mainly vegetables, fruit and livestock - has begun to reach local urban markets. They are generally taken to nearby towns using private transport. Factors such as seasonality of production, perishability of produce, lack of market information, inadequate credit and high transport cost are among current constraints to price.

Rural Financial Services

38. The Project has successfully established the savings habit among the members of SHGs, the majority of whom are women. Some 33 056 women in 2 071 SHGs are taking part in savings programmes. Compulsory savings per member varies from INR 10 to 20 per month; and total savings up to January 2005 are INR 10 730 864 (USD 238 460). In most SHGs, savings are used to lend among members. Borrowings are small, ranging from INR 200 to 3 000 (USD 4.5 to 67) depending on availability of funds. They are used mainly for on-farm development, livestock, education of children, consumer loans and non-farm livelihood pursuits; loans are short term and generally the repayment rate is 100%. Where funds are limited, members may take turns to borrow.

39. Many SHG members have taken successive, larger loans for livelihood activities after full repayment of initial loans. Some SHGs have savings in banks; this has helped them to initiate banking operations. Direct loans disbursed by banks to 337 SHGs amount to INR 7 500 000 (USD 167 000), while INR 2 600 000 (USD 58 000) has been borrowed by 95 NaRM groups. Some of these loans are directly financed by banks; others are from another Government loan scheme - SGSY - which includes a subsidy. The rate of recovery of the former is 100%, while that of the latter is about 50%. Lending by financial institutions is increasing. The majority of villagers had no thrift and savings habits; those now established confirm that the Project has achieved a major socio-economic transformation.

Social Sector Activities

40. Social sector activities comprised three sub-components: drinking water supply; community health care; and schools agricultural programme. The Project set out to fund new water supply schemes for 40 dug wells, 100 tube wells and hand pumps, and 160 gravity piped systems; in addition to augmentation in 140 villages through provision of 80 dug wells and 200 tube wells and hand pumps - and rehabilitation of 73 piped water supply schemes. A participatory strategy was adopted with communities providing 30% of the cost as labour contribution; and assuming full responsibility for operation and maintenance. Training was provided to community women for hand pump maintenance. A sanitation campaign and a massive drive for construction of low cost latrines were also undertaken.

Major achievements include provision of 347 safe drinking water supply systems; 134 water reservoirs; 34 water pond improvements and 30 ring wells. Similarly, construction of 22 120 low cost latrines in 594 villages was acclaimed as a major success with strong impact in awareness and adoption of hygienic practices, leading to control of infectious diseases and to improved health.

41. Community health care is a critical component in view of the inhospitable terrain, harsh climatic conditions, poor communication and inadequate provision, coupled with poverty and illiteracy. The Project planned to train around 230 women selected by communities as Community Health Workers (CHWs) to promote preventive health care, provide basic remedial treatment and referral services and family advice. Each CHW was to be provided with a supply of basic medicines, to be replenished once by the Project, allowing time for the CHW and community to work out a mechanism for payment for services and drug replenishment. A proposed 230 traditional birth attendants were to be trained and equipped with basic delivery kits to promote safe motherhood; this activity was not pursued. The major achievement has been community health projects in two districts of Senapati - 39 villages covering 2 393 households with a population of 14 352; and in Ukhrul - 85 villages covering 5 245 households with a population of 24 377. Introduction of local women trained as first contact carers (FCCs) and availability with them of basic drugs have transformed health outreach to remote villages, but only 124 villages were covered against a target of 230. The 330 herbal gardens set up had significant impact on health status, as did homestead gardens on nutrition.

42. For education, the Project was to support a school programme for practical agricultural and forestry activities so as to instil wider appreciation of environmental and land management issues. Though relevant, the sub-component was given low priority and little was achieved. Certain school demonstration plots and farms were taken up by the NaRMGs with satisfactory success. Achievements include construction of 16 school buildings, provision for funds and infrastructure for 66 schools. School construction has been satisfactory but proper maintenance and upkeep requires more attention. Instances of community groups starting adult education programmes were met. Education has figured as an important concern in perspective plans prepared by NaRMGs; and education-related activities are found in annual community action plans (CAPs), as part of the village development fund (VDF).

43. Communities have for the first time started taking responsibility for operation and maintenance of water supply schemes. Provision of safe drinking water, low cost latrines, and awareness campaigns have reduced disease incidence significantly and eased the work burden of women and girls. Additional water has also been used for raising plantation and kitchen gardens. Functional literacy, particularly among women SHG members, has shown a quantum improvement. With increased income and improved production, adult - and especially child - nutrition status, has been transformed. School enrolment and attendance is on an upward trend, including that for girls.

Community Development, Targeting and Gender

44. The Project area covered a number of tribal communities that have distinctive ethnic, linguistic and socio-cultural characteristics, but share common features, such as village councils. Though the status of women in tribal societies is better than their non-tribal counterparts, women were never part of village councils, nor participants in important community or locality decision making processes. A major thrust of the Project centred on women and their integration into community decision making through establishment of self-managed savings and credit SHGs; cluster SHGs and associations; and NaRMGs, as an alternative to the VDCs envisaged at appraisal. NaRMGs have become community development planning and implementing bodies, with 50% membership of men and women showing structural gender balance; gender equity is similarly reflected in nearly all of the Project activities. At present there are 996 NaRMGs in the Project area. However, major decision making and official positions are generally confined to men folk, albeit that women have influence over their opinions and decisions, a new phenomenon at village level. Possibly the most significant achievement of the Project is the formation of SHGs, predominantly of women members: there are now 2 071 SHGs - as against an original target of 920, that is a 125% increase - with 33 056 women members, indicating not only the revised village coverage after the MTR but also the undoubted enthusiasm for participation.

45. The targeting of the Project and of uptake of individual activities has been reasonably effective, although the group approach, the investments in infrastructure and transport and water supply facilities and increasing use of external funds for loans are likely to mean that benefits will be enjoyed by all sectors of society, including the relatively well-off. The means of targeting adopted at appraisal have proved to be justified and their application practical. The main concern with regard to the outreach to the poorest of the poor is the evidence gained that some of these families - possibly comprising as much as 10 to 15% of the population - are either unable or unwilling to participate in SHG and NaRMG membership and benefits. In a few villages, this problem has been identified and is being addressed by a basically charitable approach; however, in others, it has yet to be resolved.

46. The SHG movement in Project villages has brought widespread, profound and palpable changes in the mindset, attitude and confidence of women. Their training enabled them to read and write, which in itself empowered them. Further training on book keeping and accountancy was imparted and increased their self-confidence and appreciation of savings and thrift. This is seen in enhanced household decision making and financial management capability. Specific training inputs have included: 206 technical training sessions for over 680 men and 630 women; SHG training sessions on group dynamics and management - 2 388; on savings and credit management - 4 309; on accounts and record keeping - 436; on communication skills - 2 339; and on group rules and regulations - 416.

47. The SHG movement has also brought village women closer together in understanding and in everyday life activities, adding to their social and political status and effectiveness. From income generating activities, women have benefited substantially in terms of time saving, income earning and better food availability; and from forest management and water conservation and supply interventions, with the result that collection from distant sources, of up to 2 km away, is now avoided, drudgery reduced and health improved.

48. Specific gender training has also been imparted in 37 separate sessions to over 850 Project staff, NGO cadres participants and the gender aspects of activities across the board - including farm and non-farm enterprises, agriculture per se, infrastructure and social services and facilities - have been expounded at the outset, and largely assured in implementation. Women have played key roles in the Project activities of horticultural crop production, livestock rearing, forest utilisation and protection and particularly in social sector and traditional handicraft enterprises development; and although they were only marginally involved in the execution of infrastructural interventions, they have had a say in their planning and have benefited greatly from ease of transportation and trading from roads, bridges and waiting sheds investments and from the provision of electrical power, where this has been completed.

Project Management

49. Management occupies a special position in the Project due to the involvement of different states and the complexities of Project scope and operational modalities. The component was to finance the establishment of the PSU under the Regional Society and the DSTs under the District Societies. Project support covered full incremental staff costs: provision of vehicles, computers and office equipment for both PSU and DSTs; office rental and operating costs. The Project was also to fund the development by a specialist external agency of the monitoring and evaluation (M&E) system including computerized project management and management information systems, including staff training; undertaking of the baseline surveys and interim and final impact evaluation studies; and to carry out concurrent evaluation of the Project every six months.

50. The Project management set-up has been able to work well as evident from physical and financial achievements and Project progress. The implementing agencies at various levels, such as the RS and DSs, NaRMGs, and SHGs have been quite successful in implementation. The NGOs have been able to deliver results in difficult circumstances, particularly in formation and nurturing of the groups. The impact of Project Management has, after a chequered start in the early years, been strong

and sound foundations have been laid not only for continuing development in Project villages but for dissemination of the management methods and practices used and replication of interventions in other villages. The primary objective of capacity building of communities and participating agencies was to provide a mechanism for community-level decision-making and to strengthen the capability of communities to take responsibility for the management of their own development. The Project has deployed adequate resources and achieved a satisfactory performance in this regard. It has also been instrumental in developing a district and downstream NGO capacity in community development of substantial competence, although it has as yet had rather more marginal impact on the associated public service agencies and private sector collaborators.

51. Project management has also made a significant beginning in leveraging financial resources from other agencies. The most acclaimed achievement has been that of fostering of bank linkages as described above. This has tremendous further potential to: instil a sense of competition, self reliance and business orientation with a more professional approach; reduce dependence on subsidies and Government agencies; and improve the scope and scale of operations. Linkages and convergence with other Government departments and schemes have increased of late but need to be strengthened further; two particular areas of successful effort are joint forest management (JFM), with a number of NaRMGs now involved; and the SGSY (Swarna Jayanti Grameen Swarojgar Yojana - Golden Jubilee Rural Self-employment Scheme) of DRDA. Other line departments which have strong potential for linkages include agriculture, horticulture, soil conservation and health and education.

B. Logical Framework and Results Assessment

52. The original appraisal logical framework is reproduced as Appendix 2, with an additional column in which the key elements of the assessment of achievement are recorded against the relevant expected Project outputs. It is worth reiterating the content of the footnote to the log frame: "This project is a process-oriented project which is seen as the first part of a long term programme to improve women's economic and social status. It deliberately avoids setting targets in order to provide an enabling environment for focusing on the quality of project outcomes and the development of institutional mechanisms to lay the foundation for wider replication in future. Thus, while the verifiable indicators can be identified, the expected order of magnitude is not always known. The project puts in place a comprehensive M&E system to gather the information on key aspects of the project to enable reasonable performance criteria to be established for the next phase."

IV. PERFORMANCE OF THE PROJECT

A. Relevance of Objectives

53. The Project focused on livelihoods improvement for the vulnerable, tribal groups and on natural resource base management and conservation. Given the circumstances of the region and its peoples, the precarious nature of livelihoods - and in particular, food insecurity - and the prevalent state at appraisal of serious under-development and progressive resource degradation, these were entirely apposite themes for the whole Project. The living standards of nearly all of the population are crucially dependent upon agricultural productivity, since the population is made up of small, primarily subsistence farm families for whom food sufficiency and farm income are key drivers of household livelihood and welfare. However, prospective Project participants also required urgent assistance in the form of basic infrastructure for travel and communication; and better social services to address the fundamental human needs of safe water, adequate sanitation, sound health, literacy and numeracy. Thus the relevance of the goal of the Project was - and remains - very high - 6.

54. The Institutional Support component, originally called Capacity Building of Communities and Participating Agencies, had, as its key objective, the development of capacity for participatory development and the implementation of sustainable rural development activities. Given the dismal record of previous development initiatives, this was a wholly appropriate aim. The focus was on providing a mechanism for community-level decision making and strengthening community capability

for management of its own development. The specific objectives were: to establish viable, equitable and sustainable village institutions; to promote community self-reliance; and to develop district and downstream NGO and associated agency capacity. The relevance of institutional support was high - 5.

55. The Livelihoods component can best be considered as two separate parts: one, the farm-based livelihoods activities; and two, the non-farm enterprises and small businesses. For the former, the objectives were to increase incomes through a range of on-farm economic activities based on environmentally sound and sustainable land use systems. They have focused on crop diversification for greater income, targeting particularly those food crops that have strong yield and surplus sales potential and those cash crops where both the fresh produce and processing markets are likely to be remunerative. The relevance of the farm-based livelihoods objectives was high - 6. The non-farm small business promotion was focused on the commercialisation of traditional crafts and other essential services such as shops, farm product processing and transport facilitation. It was also envisaged that assistance to improve design and manufacturing process would be provided. The relevance of these livelihoods objectives is considered to be moderately high - 4.

56. The Social Sector interventions were aligned with the objectives of improving access of communities to safe drinking water; providing better health care through community health workers; and equipping young people with a better understanding of the village environment with a greater willingness to remain in the village and promote sustainable agricultural production. All of these aims were highly relevant to the predicament of the village communities, particularly those in the more remote parts of the Project area, and are therefore scored as very high - 6.

57. The objective of the Village Infrastructure component was to improve the economic base of rural communities through improved access to markets with better road links; and the provision of electrical power. At appraisal, the implied outputs included sensitisation and training of local infrastructure agencies and rural communities for road maintenance; and the improvement of village access to facilitate transport of agricultural inputs and outputs and access to social services and facilities. The relevance of these objectives is rated as high - 5.

58. The specific objectives of the Natural Resource Management activities were stated as: to increase incomes through a range of on-farm economic activities based on environmentally sound and sustainable land use systems; and increase awareness of the need to conserve biodiversity. The underlying philosophy was to move away from the jhum system, diversify into more amenable and remunerative cropping patterns and livestock enterprises; to expand terracing, where possible; and to manage critical watershed forests in a sustainable manner. At the time of formulation and appraisal, there was considerable doubt that the attitudes and practices of farmers could be changed in the way that was projected, but these objectives were - and continue to be - germane, as proven by the progress that has been made in most aspects of their application, albeit that the emphasis at appraisal on use of fertilisers and agro-chemicals has turned out to be misplaced. For irrigation, there was a two-fold objective: to increase the area of irrigated land by expansion and rehabilitation; and to introduce combined paddy and fish production. Relevance of the agricultural and natural resource development objectives is assessed as high - 5.

59. The Project Management objectives were stated as to create efficient, innovative, responsive and service-oriented institutions for promoting and managing development efforts. It was clearly recognised at formulation and appraisal that the failure of virtually all of the previous development initiatives in the North East had been due at least in part to the inability of the local institutions of Government to act in an empathetic and concerted fashion to engage rural poor people in the resolution of their own problems and improvement of their predicament; and that little progress would be possible unless such a participatory approach could be made to work. The relevance of these objectives was - and is - very high - 6.

B. Effectiveness

60. The performance of the Project in terms of effectiveness and efficiency can best be judged from the available documentation on physical and financial progress of components and activities. The key factors of physical progress have been recounted above in Chapter III and are set out in more detail and compared with the planned outputs at appraisal in the adapted log frame in Appendix 2; the financial out-turn information to date is collated from the Project accounts. The results are summarised in Tables 1, 2 and 3, below.

61. It can be seen from the tables that for the majority of activities, the Project has exceeded physical targets, sometimes by exceptional margins. The principal shortcomings in physical terms are in the limited acreages of modification of jhum cultivation, by soil conservation and related protective measures, health worker training and electricity supply, for which there are reasonable explanations. In financial terms, current expenditure is only around 35% of the projected available funds and there are large deficiencies against expected expenditures for Village Infrastructure, Livelihoods and Natural Resource Management. Expenditures on the principal components, excluding management, has been reasonably balanced between districts, with a range of from USD 1.2m for Senapati to USD 2.0m for Ukhrul; against the average of USD 1.55m per district, from a total district spend to date of some USD 9.29m.

Table 1: Summary of Key Physical Achievements

Component/Activity and Key Indicators	Expected at Appraisal (or MTR)	Actual to Date, Dec 2004	
		Number/Unit	% of Planned
Institutional Support			
- No of SHGs	920 (2 002)	2 292	249 (115)
- No of VDCs/NaRMGs	460 (1 000)	993	215 (99)
- NGO exposure visits	na	13	-
- Major training workshops/sessions	na	11/6 000+	-
Village Development Fund			
a) Livelihoods			
- Ha of modified jhum	23 000	10 211	44
- Ha of hortic/perennial crops/forest	12 000	12 205	102
- Ha of new irrigation	370	492	133
- Ha of irrigation rehabilitation	1 370	1 530	117
- No of HHs with new livestock units	na	24 000+	-
- No of small businesses	na	1 600+	-
- Lending from formal sources INR	na	10.7m	-
b) Social Sector			
- No of new/rehab water schemes	353	545	154
- No of low cost latrines/in villages	na	22 120/594	-
- No of health workers trained	230	124	54
- No of schools built/equipped	na	16/66	-
c) Village Infrastructure			
- Km of new/improved roads	20/170	126/181	74/900
- No of bridges/culverts/buildings	na	167	-
- Electricity supply schemes	135	81	60
Natural Resource Management			
- Ha of forest reserves	3 965	7 320	180
- No of sanctuaries/buffer zones	na	11	-

Table 2: Project Funds by Component – Availability and Utilisation

Component	Estimate at MTR		Actual to Date, December 2004		
	Value USD m	%	Value USD m	%	% of Planned
Institutional Support	2 235	7	1 823	17	82
Village Development Fund					
a) Livelihoods	15 649	52	3 948	37	25
b) Social Sector	1 631	5	1 165	11	71
c) Village Infrastructure	6 613	20	848	8	13
Natural Resource Management	1 238	4	256	2	21
Project Management	3 293	11	2 728	25	89
Total Project Costs	30 210	100	10 767	100	36

Table 3: Project Funds by Cost Category – Availability and Utilisation

Investment Costs	Estimates at Appraisal		Actuals to Date, December 2004		
	Value USD m	%	Value USD m	%	% of Planned
Civil Works	7 059	21	0.009	-	-
Community Labour	9 035	27	0.255	2	3
Vehicles, Equipment and Materials	5 074	15	1 469	14	29
Training, Studies and Consultancy (inc M&E)	4 997	15	1 228	12	25
Special Funds (inc School Grants, Invest/Incentive)	2 747	8	1 654	15	60
Village Development Fund	-	-	3 323	26	na
Initial Deposit	-	-	1 200	11	na
Sub-total	28 912	87	9 138	85	32
Recurrent Costs					
Sub-total	4 311	13	1 629	15	38
Total Project Costs	33 223	100	10 767	100	32

62. The effectiveness with which the goal of the Project as a whole is being met can be estimated from its progress in: the formation and support of community institutions and NGOs; starting to counter the worst effects of forest and land degradation; lifting the order of farming productivity, food security and income of Project families; and measurably improving living standards of a significant proportion of the population by provision of adequate basic infrastructure and facilitating improvements in social and welfare services. Although there is wide variation in the assessed impact of different components and activities, as elaborated below - and considerable scope for further improvement - the aggregate effectiveness so far is assessed as moderately high - 4.

63. The Institutional Support component was strongly effective in terms of the large number of groups that have been successfully established and supported and the overwhelming participation of women in the SHGs and NaRMGs, as demonstrated by the sheer numbers achieved; and the depth of commitment and conviction seen in the field. Further and more recent evidence of effectiveness can be discerned in the formation of new SHGs, incorporating membership also of men and youth, through link-ups in some cases with District Rural Development Agencies (DRDAs). The level of participation; the mindset change and new capabilities among participants; the achievement of a sound and remarkable degree of gender equity in the community development interventions; and the transformation of social status and cohesion involved, are exemplary signals of successful

development; and although there are some questions of impact of targeting on the poorest sectors of the population, effectiveness must be scored as very high - 6.

64. The farm-based livelihoods activities have for the most part been very effective and successful in introducing new crops and livestock into the farming system, and the changing of land use. While household production of jhum rice has declined, other agricultural activities have contributed significantly to improved food security and substantially also to cash income. As plantation crops mature, household incomes and the ability to buy food in the market will further increase. Effectiveness of farm-based livelihoods activities is scored as high - 5.

65. For non-farm livelihoods activities, the results so far indicate a low achievement. It is observed that the enterprises concerned are at various levels of economic development, with many weaker ones still struggling for existence. Their predicament is compounded by low quality of products; limited markets; lack of value addition; low technology usage and high labour input; and the limited financial resources of participants. Most important is the poor communication network, encompassing bad roads, limited transport and restricted flow of market signals to the area. The Project is now actively tackling the marketing quandary that is a major element of poor non-farm livelihoods performance, but for the time being, effectiveness is marked as low - 2.

66. This is in contrast to the development of rural financial services, much of the activity for which is associated with the livelihoods component. The Project has been very effective not only in achieving progress in thrift and savings habits among the villagers but it has also fairly successfully moved into the institutional market segments of borrowing from formal financial institutions. This demonstrates that banking with the poor through direct lending is not only cost-effective, but can be highly profitable, exceeding conventional individual banking in terms of outreach and profitability as well as growth rates and impacting favourably on household incomes.

67. Considered in aggregate, and despite the limitation in water supply provision caused by strict budgetary application, the limited attention given to the proposed agricultural education and the demise of the proposed traditional birth attendant training, the Social Sector activities have produced considerable benefits and achievements in nutrition, health and literacy, numeracy and knowledge status of participants. More than 7 500 households have had direct benefit from community health schemes and, although it was confined to only just over half of the projected number of villages, the training, appointment and supply of drugs through FCCs at community level has been a considerable success. The water supply sub-component diverged from the planned investments because of the questionable feasibility of some of the proposed schemes, particularly for tube wells, but in all more than 550 systems were either constructed or improved. The effectiveness of social sector activities is ranked as moderately high - 4.

68. For Village Infrastructure, despite the limitations of the professional expertise available for civil works, basic designs and standards of construction and improvement were either adequate or good. The physical results are impressive, particularly taking account of the propensity in the Project area terrain for excessive rainfall and landslides, but the provision of sound drainage structures and slope stabilisation is expensive and the current provision may prove inadequate and possibly problematical in future. For the general infrastructure works, effectiveness is considered as moderately high - 4; for rural electrification, effectiveness of the works carried out is good, but the overall shortfall in numbers and coverage results in only moderately low effectiveness - 3.

69. The Natural Resource Management activities demonstrate a dichotomy of performance: in the case of the jhum acreage reduction, wider adoption of diversified agriculture, forest and catchment management and improvement and river protection, the results have been impressive. For soil conservation and biodiversity awareness, on the other hand, little progress has been made across the board and the few exceptions where conditions have been markedly improved only serve to highlight the deficiencies elsewhere. Effectiveness for the former activities is ranked as moderately high - 4; for the latter, the appropriate score is low - 2.

70. At the regional level, Project Management is now demonstrating a competence and confidence that augurs well for the continuing progress of the Project towards a successful conclusion. However, the situation of management at district level is rather more variable and there is yet to emerge the degree of convergence with local governance and the ownership of Project activities that were planned. In addition, in assessing effectiveness, account needs to be taken of: the complexity of the implementation structure of the Project; the tortuous nature and difficulties of procedures in the Government systems; the unsatisfactory performance of the early years of implementation; and the failure to bring into use the M&E system that was supposed to be a major feature of Project achievement and a stepping stone to more effective development management in future projects. It is recognised that in the context of these shortcomings, there is a need for greater jurisdiction by the executive management and for stronger involvement by the district authorities. Bearing these factors in mind, effectiveness of management is scored as moderately high - 4.

C. Efficiency

71. As noted above, the Project as a whole has so far deployed less than 40% of the allotted funding; while this is due partly to erratic disbursement of funds and to delays in submission of withdrawal applications, the overall inference is that there has been satisfactory efficiency in terms of the costs incurred vis-à-vis the achievements recorded to date and the effectiveness of implementation. An additional factor of note is that there has been only minimal reliance on subsidies. In the case of Institutional Support, Social Sector activities and Project Management, expenditure varies from 70% to 90% of the original budgeted amount.

72. The crucial factor in overall and long run efficiency is the quantum and likely continuity of benefits from the level of costs incurred. The Mission has undertaken an outline re-calculation, based on conservative estimates of adoption and results obtained, of the internal rate of return of the Project from the estimated costs and benefits derived from Project records, M&E information and field data. The assumptions and working schedules are presented in Appendix 3.

73. The results show that the calculated economic internal rate of return for Project operations, when all costs are included and all components given an estimated net incremental revenue flow, is 13%. This compares with EIRRs for various sub-components of 12% to 26% respectively, as calculated at appraisal; and a composite EIRR for the productive components as a whole for the Project of 15%. Given this result - and notwithstanding the poorer performance and rather uncertain sustainability of some activities, the efficiency with which the Project as a whole has been implemented is assessed as moderate - between 3 and 4.

74. For the Institutional Support component, there has been a heavy expenditure but field evidence suggests that income generation activity has made good use of funds by SHGs and that the formation of SHGs themselves has been characterized by a strong impetus of spontaneity and self-reliance. These features indicate a respectable degree of implementation efficiency, giving a ranking of moderately high - 4. Despite its considerable achievements, having already exceeded most of its targets, the Livelihoods component is substantively under spent against budget, and in the case of some of its activities, may well have incurred rather fewer costs - for instance in design, planning and further support - than would have been justified by the overall level of investment concerned. The efficiency of the intra-group lending operations is strong; and although it has not yet been possible to work out fully the capability of the financial institutions to administer direct loans to the groups, the efficiency score is put at moderate - between 3 and 4.

75. In the Social Sector activities, the use of funds so far has been high, but despite the shortcomings of the coverage of the needed water supply schemes and the relative neglect of the schools agricultural programme, the benefits have been reasonable. For this reason, efficiency for this component is scored as moderately high - 4. The Village Infrastructure component has incurred an inevitably high level of expenditure per intervention, partly due to the on-costs of transport of

materials to remote areas and partly due to the rather small unit size of investments. However, in terms of total expenditure against budget, the component is substantially under spent to date, partly due to the limitation of electrical power activity, leaving considerable scope for further investment, potentially to include some of the larger water supply schemes that have been beyond the limit of social sector spending. Given also the economies that have been realised in this component, because of the substantive beneficiary labour and local materials contributions and the ability of management to keep control of design and supervision costs. Construction works were predominantly labour and local material intensive, so that costs of execution, although expensive for imported items, were kept under reasonable control; in some cases, the original estimates of cost were substantially undercut on execution. Efficiency is satisfactory and is rated as moderately high - 4.

76. Costs of the Natural Resource Management component are largely a reflection of the limited activity so far under the biodiversity head and the jhum modification and soil conservation activities. Only about half of the attributed expenditures have been incurred and there have been reasonable economies in the works undertaken, so that, despite the limited penetration and effectiveness so far of implementation, efficiency is regarded as high -5.

77. The Project Management and coordination component has incurred the proportionately highest level of costs and still has much to do in inter-agency communication, in new village sensitisation and support, in impact monitoring and evaluation, in the practical application of district and block line agency capacity building. Conversely, it has had significant success in operating a complex and challenging project, to the extent that it has already begun to see spontaneous replication and influence on the design and conduct of similar development interventions. Efficiency is therefore put as moderately high - 4. These findings are confirmed by the overall Project performance as assessed by UNOPS. Supervision missions record principally minor problems and effective management action for their rectification, with progress of Project activities well maintained. Table 4 presents a summary of the project performance findings.

Table 4: Project Performance Summary

Component/Activity	Relevance	Effectiveness	Efficiency
Institutional Support	5	6	4
Village Development Fund:			
a) Livelihoods (farm-based)	6	5	4
“ (non-farm)	4	2	3
b) Social Sector	6	4	4
c) Village Infrastructure:	5		4
- Roads and Bridges		4	
- Power Supply		3	
Natural Resource Management	5	4 (2)	5
Project Management	6	4	4
Whole Project	5	4	3/4

V. IMPACT ON RURAL POVERTY

A. Overview of Participation and Impact

78. The poverty of the Project area is compounded of: the ethnic culture and traditions of the tribal people; the prevalent - until recently - civil strife and insecurity; abysmal standards of literacy, numeracy, general knowledge of living, and health, due to the virtual absence of social and welfare services and facilities in most of the region; increasing pressure of population on land and on the jhum shifting cultivation system; non-understanding of the basic principles of economics, business and trade; and the nearly total lack of alternative employment opportunities. It is a measure of its original

depth and severity that poverty continues to prevail in most districts and villages, despite the considerable efforts and successes of the Project - and of other Government development programmes.

79. The combination of dependence derived from the previously centralised political system, the predominantly non-monetised nature of the household economy of the small subsistence farm and the remote and dispersed pattern of settlement is a difficult mix of deprivation factors. To combat them, the project addressed several of the key causes directly, making a sound impact in respect of several, including infrastructure investment for access and communication; uplift of provision of health, basic amenities like water supply and, to a degree, education; enhanced and diversified farming productivity and profitability; and even more important, in laying the groundwork for further group action with NGO assistance in social advancement, women's empowerment and poverty eradication. As far as practicable, given its design, the Project focused on the poorer districts and villages and a reasonable representation of the target group poor - and particularly of women - was achieved in most Project activities, albeit that the involvement of the very poorest was in some cases less than desirable.

80. The extent, degree and characteristics of the impact on rural poverty should be able to be measured in terms of numbers of people or communities affected; in the quantum of change for the better in the particular conditions involved; and in the type of effects attained, whether tangible or not. In a multi-sectoral and multi- activity Project like NERCRMP, two categories of benefit and beneficiary can be discerned: the first hand, direct benefits and beneficiaries, such as the enhanced yields of paddy and the farmers for whom terracing and micro-irrigation have been provided; and the secondary or indirect benefits and beneficiaries, for example the traders for whom a new bridge or road has opened up a new source of produce and a more accessible market for inputs.

81. For the purpose of this evaluation, the focus is on the direct benefits and beneficiaries; and given the absence of comprehensive and systematic M&E records of impact, emphasis is placed on data: from the recent IFAD-instigated Project Self-assessment Report; from Project Progress and Status and Supervision Reports; from Mission field work interviews and village and district discussions; and from the analysis of the IFAD Evaluation Framework pro-formas, the composite versions of which are presented as Appendix 4.

82. The scale of benefit and numbers of beneficiaries is best measured by the summary of estimates of participation in main activities, which is summarised in Tables 5 and 6 below. The tables show the overall household coverage of the Project and the gross numbers of identifiable direct beneficiaries for the various main activities; the figures presented do not take account of duplication of household participation, for instance in a combined crop plus livestock intervention.

83. Since no measures or estimates exist of double counting, it is necessary to make a judgement as to the probable overlap of interventions. The Evaluation Mission opinion is that these data - and the evidence of field work assessments - indicate that at least 25 000 households have benefited - and received substantive advantage - from one or more Project activities. Such a level of penetration of the target group universe is an exceptionally high achievement and partly a reflection of the wide spread of Project interest and the decentralised mode of implementation.

Table 5: Estimates of Overall Beneficiary Coverage

Category	Appraisal Report	Mid-term Review	Actual Result to Date	Actual as % of MTR
Districts	6	6	6	100
Villages	460	1 000	862	86
Households	23 000	50 000	39 203	78
People*	131 000	285 000	223 450	78
<i>SHGs</i>	920	2 002	2 292	115
<i>NaRMGs</i>	460	1 000	993	99

Note: Based on data from Project Self-assessment Report

* Numbers of people extrapolated on basis of average family size of 5.7 persons

Table 6: Summary of Estimates of Main Direct Beneficiaries by Component/Major Activity

Component	Actual Numbers to Date, December 2004		
	HHs	Range by District	People
Institutional Support	33 165	5 297 - 7 075	172 768
Village Development Fund			
a) Livelihoods	29 388	4 274 - 6 866	152 041
b) Social Sector	21 081	2 774 - 6 367	111 119
c) Village Infrastructure	16 460	873 - 5 782	82 887
Natural Resource Management	22 073	660 - 6 866	140 478
Total Project	122 167	19 874 - 29 696	659 293

Note: Based on data from Regional and District Project Support Units (for five districts only)

84. The best evidence of overall improvement in poverty status should come from regional and/or national household survey statistical data. Unfortunately, such data have not been gathered for the North East since Project inception, nor has the Project carried out the type of household situation case studies that would allow quantitative assessment of poverty impact at the individual family level. Thus, reliance must be placed on the wealth ranking exercises carried out by the Project, as well as anecdotal and observational information from the evaluation fieldwork. In this context, while NERCRMP is definitely a major main factor in improvement of the poverty predicament, it also needs to be recognised that the Project area has benefited from other Government programmes, ranging from social safety nets and subsidised food supply, to investment grants and loans for poor families and assistance in investments for infrastructure improvement and environmental conservation through the joint forest management and similar schemes.

85. While the wealth ranking exercise was not carried out on a consistent basis or with the same criteria in each district, the aggregate figures can be taken as a rough indicator of poverty impact. The figures for the movement, between the years of 1999 and 2004, of Project households out of the poorest category; and those for movement into the middle or better-off category, provide such a guide. The relevant figures are presented in Table 7, below. The number of households moving out of the poorest category is 3 287, representing 18% of the relevant Project population; and the number of households moving into the better-off category total 453, that is 2% of the relevant population. The village respondents in the evaluation confirmed this conclusion, reporting that there had in fact been substantive improvements in their economic and welfare predicament in the last five years. At the same time, they stated that village poverty still existed; and that considerable further scope for poverty alleviation could be realised.

Table 7: Changes in Wealth Ranking of Project Villages (all Districts)

Year	1999 to 2004				Status as in 2004				Total Households
	Better Off	Poor	Poorer	Poorest	Better Off	Poor	Poorer	Poorest	
1999-2000	12	243	682	1 370	98	591	949	669	2 307
2000-2001	0	1 081	1 535	2 462	0	1 351	1 777	1 950	5 078
2001-2002	90	615	1 583	3 549	432	1 138	2 449	1 818	5 837
2002-2003	0	0	9	17	3	7	10	6	26
2003-2004	70	1 041	1 687	2 344	92	1 113	1 925	2 012	5 142
Grand Total	172	2 980	5 496	9 742	625	4 200	7 110	6 455	18 390

Source: Adapted from Regional Support Team - Self-assessment Report

B. Impact on Physical and Financial Assets

86. The major and most direct sources of impact on the physical and financial assets of Project area households - and the standards and sustainability of their livelihoods - were the production-oriented activities of the on-farm livelihoods sub-component; irrigation expansion and improvement; and to a lesser extent those of the non-farm income diversification and generation interventions. The village infrastructure sub-components of roads, bridges and power connection and the social sector actions in domestic water supply, sanitation and health played a less direct but important supporting role.

87. The impact on physical and financial assets has been positive and substantial. On the agricultural and natural resources front, the main sources of improvement have been: increased farm productivity and output, leading to better food self-sufficiency and thus potential availability of surplus food crops, as well as increased cash crop produce, for sale - and resultant higher household incomes, less debt and therefore ability to invest; and the forest protection schemes as a source of income for villages in forest products, as well as tree planting for resource protection and as a potential longer term income generating and asset building enterprise, with assurance of rights of future use of forest land. In the non-farm livelihoods sub-component, assistance in the provision of training, advice, credit and labour saving technologies to mainly women entrepreneurs to develop small businesses have contributed certain benefits to the households involved albeit that the actual performance of these enterprises is yet to be consolidated and secured. In village infrastructure, construction of roads and bridges has greatly facilitated market access and tradability of inputs and outputs; and improvement of drinking water supply has proved that these are both family assets and labour and cost saving devices.

88. The gains in productivity, incomes and asset improvement are founded on: expansion of the irrigated cropping area that has assured water supply and enabled the growing of higher yielding and more remunerative crops; introduction of advanced technologies and husbandry practices, such as improved seeds, planting materials and inputs; promotion and support for alternative crops and systems, particularly of marketable food, horticultural and perennial cash crops - including those for processing in regional facilities or trading in distant markets; inculcation of innovative extension methods, based on SHGs, NaRMGs, NGO provision and leader farmers and community animal health workers, that have ensured wide coverage and adoption - and measurable trickle down - of Project activities; the promotion and support of small business ventures for women and the consequent enhancement of family funds, net incomes and profits; the underpinning of these advances by the widespread sensitization, training and endowment with experience of farmers, village leaders and communities and, to a degree, district line agencies; and the support of the productive, food producing and income generating processes by improved infrastructure and social service provision.

89. The quantum of benefits and wider farm and household impact can be estimated from the inputs calculated by the Evaluation Mission for the farm and household models used for projection of the likely ex-post overall Project rate of return, as set out in Appendix 3 and summarised in Section IV, C above. These show net incremental benefits from the improved agriculture interventions of between USD 216 and USD 1 602 per household per year at maturity of the investment. These compare with typical annual household incomes for the rural poor in the region of INR 15 000 to 25 000, or USD 330 to USD 550, as used in the NERCRMP wealth ranking exercises. The financial internal rate of return is projected at 14%. Similar and indeed greater incremental benefits than these might have been attained for Project interventions in non-farm livelihood enterprises; and those from forest protection activities, in the minimal exploitation of timber, fuelwood and non-timber forest products.

90. The positive changes in the physical and financial asset position of beneficiary households are manifested primarily in: rights of use of additional and/or terraced or better irrigated land; possession or assured use of perennial crop plantations, homestead trees and tree plantations; ownership of livestock - especially pigs and poultry but also cattle, goats, fish and bees; individual or, in the case of group or cluster pursuits, shared ownership of shops, craft workshops and other businesses; better housing, ranging from corrugated steel sheet roofs rather than thatch to new room extensions and better built houses; reduced indebtedness; ability to pay school fees and buy shoes and clothes; and ownership of proper furniture, household utensils, farm tools, bicycles and radio sets. The evidence suggests that at least 50% of the first hand beneficiaries under the productive components in mature Project villages would be enjoying one or more of these tangible livelihood gains. The impact of the Project in increase in physical and financial assets is assessed as high - 5.

C. Impact on Human Assets

91. The major elements of impact on human assets are those related to well-being, that is: health, disease avoidance and longevity; nutritional status; access to safe, potable water; education, literacy, numeracy and level of knowledge; occupational skills and capability; burden of work load; and attitudinal traits of confidence, self-reliance, optimism and trust. There have been marked, positive effects on the human asset predicament of beneficiary households from most components and activities, although in some aspects, for instance those of water supply, wider educational endeavour and provision of electrical power, a more mixed picture of achievement emerges.

92. The principal contributor to change in human assets has been the institutional support component, which has transformed not only the understanding and capability of individuals, particularly women, but has also been instrumental in engineering more effective social relationships across and among communities. The on-farm livelihood and agricultural activities have contributed to both adequacy of basic food supply and availability of family income, the two key determinants of both level of nutrition and accessibility - and affordability - of health and education services. They have also involved training and awareness building of new techniques and systems that have added significantly to the knowledge base of farmers.

93. Other components and sub-components that directly affect these matters are: non-farm livelihoods development, which has had reasonable impact; and education and health, which have had strong impact in most respects and particularly in training and knowledge enhancement, but which have so far been limited in terms of adult literacy and in assurance of continuity of drugs supply and cost recovery of FCC services. Roads and bridges played an important supporting role in achieving human asset appreciation in terms of accessibility and communications for service access, but the opportunity to sustain this advance by the facilitation of electrical power supply has yet to be realised in most districts. The human asset impact of intervention in domestic water supply has been constrained by the allocation of sufficient funds for the more complex schemes that are needed in some villages, although good progress has been made in the inculcation and support of sensible cost recovery and operation and maintenance arrangements. These have ensured that the status of human

assets in terms of health, assured safety and reliability of supply and reduced work burden have changed measurably for the better under Project influence.

94. There have also been benefits in primary education, due to Project inputs in terms of expansion of school accommodation, equipment and supplies, as well as the availability of family funds for school attendance costs. These impacts are most clearly seen in the improvement of access, enrolment, attendance and retention; and diminution of the gender divide against girls in education. Conversely, there is still a way to go in activating the uplift of literacy and other developments for women - and adults in general. Health and disease prevention and treatment have been improved by Project interventions. These mainly consisted of training of FCCs, who have transformed outreach to remote villages, as they: perform routine treatments; report disease incidence to health centres; create health and hygiene awareness; and supply drugs. Impacts already apparent include reduced incidence of malnutrition and diseases; and significant improvements in personal, family and community hygiene.

95. Probably the major change for the better in the human asset position has been the impact of the Project in providing the necessary information and support to raise the level of knowledge and skills of participants in participatory development and in the importance of competence and self-reliance at community level. The evidence of the change in human assets is seen in: the proficient and relatively rapid uptake, practice and dissemination of Project activities; the level of participation and interest in new developments; the success of the FCC, lead farmer and community animal health worker systems; the ability of men and women farmers and community members generally to present themselves and their views, increasingly in a social and political as well as a technical context; and the widespread enthusiasm for greater and faster change.

96. A similar, but as yet only rudimentary change in understanding, skills and attitudes is being wrought among local line agencies. The officials and staff concerned have been given first hand exposure and experience of a new approach to planning and development. All of the individual components have played a part in this, but the regional and district Project Management have been the prime movers. Upgrading of the human assets of these stakeholders is an important gain; in future, their abilities to apply their skills to ensure sustainability of present achievements and the progress of further development are likely to be crucial. The impact of the Project in the increase in human assets is ranked as very high - 6.

D. Impact on Social Capital and Empowerment

97. The Project has had a remarkable impact on social capital formation and peoples empowerment; as alluded above, from a development viewpoint the level of participation, community self-reliance and involvement and empowerment that has been attained for farmers, and particularly for women, is exemplary. The impact that has been achieved has emanated partly from the demand driven and group approach adopted; and partly from the uplift of financial and human assets noted and the manner in which the Project delivered rapid and tangible benefits - and therefore fulfilled expectations.

98. All components have added to the social capital and empowerment outcomes and have helped to establish the validity of beneficiary consultation and the participatory planning and implementation processes. The main thrusts have come from the formation and support of the SHGs, NaRMGs and cluster organisations; from the community and natural resources planning exercises; and to a lesser extent from the joint endeavour livelihoods enterprises within villages and communities. The water supply and roads and bridges sub-components have also each contributed to a degree through the formation, training and support of the respective committees for the management of their services and operations; and the investments in roads, bridges and waiting sheds made a significant contribution to bringing producers together and improving their ability to access and develop markets and relate to their trading partners, both locally and further afield.

99. A key factor in social capital development and empowerment aspects is that of advancement of gender balance in development. NERCRMP has been decisively effective in addressing the practical

needs of women for access to services and markets, by improving drinking water supply and introduction of labour saving technology. It was also successful in addressing the strategic needs of women, in terms of encouraging and fostering their managerial and entrepreneurial capabilities and involvement in decision making, although more remains to be done in their further emancipation. The impact of the Project on social capital and people empowerment is assessed as very high - 6.

E. Impact on Food Security

100. A major change for the better has been brought about by adoption of diversified cropping patterns with emphasis on both more marketable food and vegetable crops - as well as the basic cereal and roots or tuber food crops - and cash crops. To a degree, improved seeds, planting materials and provision of sound advice on no-cost or low-cost cultivation and husbandry practices have improved the productivity of the staple food crops, but the Project has placed much more emphasis on the new and more saleable crops and it is the output and cash income from these - as well as from new livestock and integrated enterprises and group activities - that typically has moved adopting poorer, small farm families from a position of food insecurity for three to four months of the year to a state of actual or near food self-sufficiency in most of the recent years. An example of this impact is demonstrated by a food security survey in four villages in Karbi Anlong, whereby the number of food insecure households among the total of 85 families, fell from 70 in 1999/2000 to only 24 in 2004; while those with surplus food rose from zero to 9. Similar impacts were reported from nearly all of the Project villages visited.

101. The levels of yield increase for the main staple food crops and especially for the predominant upland, rainfed paddy are limited and the acreages grown have in most cases fallen with the Project interventions for jhum improvement or replacement. The yield increases for other basic food crops that were predicted at appraisal ranged from 33% to 67%, but these were based on the availability and use of sophisticated inputs of fertilisers and agrochemicals that proved not to be viable in the subsistence farming and limited market conditions of the region. The output increases that are estimated to have been attained by adopters are from the better root, pulse and vegetable crops that have been introduced. Allied to the modest expansion of terraced land and areas with more assured irrigation water supply, these additional outputs have led to a reasonable increase in staple food crops supply for the typical family, but also the availability of cash with which to purchase supplies of rice, maize and other staples to meet the basic energy food needs of the family.

102. Additional pursuits, such as petty trading of surplus produce, casual labour employment and small scale artisanal occupations such as carpentry, wood and bamboo working, building and weaving are also common and serve to diversify and augment household income. The most obvious example of increased trading activity is the proliferation of small village and town markets, offering a range of local produce, other foods and household requisites and services and the improvement of transport linkages and availability, some of which have had Project support. The extent of change in the food security situation in the Project area is marked; and the impact of the Project on food security overall is categorised as high - 5.

F. Impact on Environment and the Communal Resource Base

103. The North East is a world ranking biodiversity hot spot, and the NERCRMP districts exhibit nearly all the possible ecosystems found in the region. The main threat to this biodiversity to date has been shifting cultivation. As populations have increased, the shortening of the jhum cycle has impacted negatively on land productivity, through declining soil fertility and increased soil erosion; and on remaining forest cover. The environmental consequences have been severe over much of the region. While there is no quantifiable or comprehensive evidence as to the magnitude of change, the Project has been reasonably successful in reducing the deleterious effects of the previous land management practices, and starting to ensure the impact of changes it has promoted.

104. The reduction in jhum cultivation by over 10 000 ha, with accompanying increase in land area under perennial crops and in community and protected forests will have reduced the amount of soil erosion and thus slowed soil and land degradation - and in specific cases - improved the reliability of village water supply. Less soil degradation leads to increased crop yields, and this, together with switching of labour to perennial crops, has led to increased food security and incomes for Project villages. However, the promotion by the Project of cross-slope rather than down-slope ridging for new plantings has had minimal effect and the opportunity has also been missed to introduce vegetative cover on cross slope bunds, in patches in otherwise cleared jhum areas or as part of an overall agro-forestry approach to sloping land cultivation. Serious on-farm soil conservation is an area where more effort should be made; similarly, although crop husbandry methods propounded by the Project have been environmentally sensitive, the scope for even wider application of organically-based integrated pest management and improved plant nutrition technologies has yet to be exploited.

105. In the context of biodiversity conservation, three elephant reserves have been established by communities in West Garo Hills as a means of reducing animal-people conflicts. These areas also protect a range of other wild species. Additional reserves are in the planning stage. Fresh water fish management is also becoming a common activity in West Garo Hills. Here stretches of river are protected from fishing to serve as stocking pools for the remainder of the river. In some cases the river banks are also declared protected habitats. The majority of communities, at least at the cluster level, have established community forests on former jhum land and many have also established watershed reserves; both of these interventions have improved the availability of forest products of all kinds - timber for house construction, fuelwood and non-timber species such as wild fruits, vegetables and natural medicinal plants - for household use and for sale in local markets. The environmental impact of the Project is considered, so far, to have been low -2.

G. Impact on Institutions, Policies and Regulatory Framework

106. The Project has needed to create its own institutions and to develop a significant NGO capacity to carry out its work and has only been able to utilise the established organs of district and downstream governance and the traditional tribal councils and committees to a limited extent. However, it has made use as far as practicable of the technical line departments and has built a strong relationship with the local and regional private sector both as trading partners, clients, contractors and service providers. In the process, a certain degree of orientation, training, exposure and experience in development planning and management has been instilled. The main manifestations to date are: improved awareness of district, block and village officials and tribal elders of development issues, approaches and opportunities; an emerging local understanding and capacity for planning and budgeting; innovation in extension service provision by NGOs and lead farmers in technology transfer and advisory back-up to farmers and groups; and the use of PRA as a basis for local planning.

107. It would be wrong to see this as an accomplished task: further orientation, reform and support of the formal local government system are needed. There has been limited but emerging change in rural financial institutions, with the formation, proliferation and increasing competence of SHGs, NaRMGs and cluster and farmer associations as potential clients of the formal financial services system. In addition, the formation and operation of user and management committees for infrastructural investments has been a positive, if so far minor, development.

108. The State and district authorities expressed the view that they were impressed and satisfied with the overall beneficial impact and level of success of the Project, so much so that the approach and design would be likely to help to shape their future development strategy and policies. Respondents in Delhi also made spontaneous mention of the positive impact of IFAD projects in India, including the NERCRMP, in influencing development philosophies and concepts towards the adoption of pro-poor policies and instruments in project design. Project impact on institutions and services and on policy and regulations is classified as positive, but still low - 2.

H. Impact on Gender

109. As alluded in Chapter III, A, the Project has had an exemplary impact in expanding the role and influence and uplifting the status of women in the tribal communities. While the final step of enabling their full and open participation in the higher councils of society - and having this change accepted by the male leaders and elders - is yet to be secured, in virtually every other respect of involvement in - and benefit from - Project activities, a remarkable degree of gender equity has been attained. In this regard, NERCRMP has continued and deepened the achievements of previous IFAD projects in emancipation of ethnic minorities and specifically in the empowerment of poor, rural women.

110. In line with the elaborate framework of gender policy at national level, which now includes the Department of Women and Children Development and the National Commission for Women, as well as an emerging new National Policy for Empowering Women as a key plank of the Ninth Plan (1997-2002), women were the focus in almost all Project components. Specifically, SHGs were conceived on the model of the National Bank for Agricultural and Rural Development (NABARD) as primarily women's groups and the membership of Project SHGs now exceeds 33 000 women. By the same token, NaRMGs were designed to incorporate both household head and spouse as equal members, thus ensuring the full participation of women in the crucial exercise of locality and community development planning.

111. In the course of implementation, gender sensitization and training have been provided to Project staff, NGOs and community groups, in an effort to mainstream gender aspects and balance into all operations. Given the strong participation and considerable contribution of women in: building of village and local institutions; the productive operations of agriculture, livestock rearing and forest product use; the non-farm, artisanal crafts and commercial pursuits of livelihoods activities; and in the operation and maintenance of infrastructure and social facilities, Project impact on gender is ranked as very high - 6.

I. Sustainability

112. The sustainability of Project gains and operations will be determined: on the positive side, by the impacts already achieved and the supporting expertise, structures and arrangements that the NERCRMP has put in place; and the determination of the State Government and district authorities to adopt and continue to strengthen the participatory development process; and on the negative side by the persistence of the syndromes of politicisation and dependency and the stringency of State and district budgets. The Project has clearly demonstrated the potential for positive change across the range of development interventions and in particular for participatory processes. It has, however, been rather less successful in inculcating conviction, responsibility and capability among the line departments that should be key players in assuring future sustainability. On balance, it is expected that the institutional support activities have established a sound foundation for the sustainability of SHGs, NaRMGs and their NGO service providers; and that many of the commercial linkages that have been developed under the livelihoods component also have a good chance of surviving and prospering, but this will require the devotion of much effort and increasing resources to the cultivation of a more business-oriented approach and a number of market research and marketing initiatives.

113. It is recognised that there is a serious intent on the part of Central and State Governments to facilitate local economic autonomy and self-reliance and that increasing fiscal allocations may be devoted to this purpose. However, the demand for improved amenities and services in the region is such as to preclude fulfilment of all the needs in the immediate future. In the consequent prioritisation of district expenditures, operation, maintenance and development activities are likely to be under-resourced. Sustainability will also be a function of the external conditions, including those of prevailing climate and local and national market conditions that cannot be accurately forecast.

114. For these reasons, sustainability of some Project initiatives is not yet assured. Among the agricultural and natural resources interventions, many of the crop and livestock activities are under the

control of women and should persist by virtue of their importance to family food security and income; however, the importance of stronger tenurial rights for land investments cannot be overestimated and the maintenance demands of terraces and improved irrigation may pose problems. For plantation crops, sustainability will only be assured so long as markets remain stable and remunerative and it is not yet clear that when all of the increased acreages of certain crops are in full production, demand and prices will be maintained. As far as the biodiversity conservation measures are concerned, these are not yet well-established and awareness will require to be continuously reinforced if sustainability is to be achieved.

115. Similar comments apply to the sustainability of village infrastructure and to the continuing satisfactory operation of the facilities that have been provided. Credible and promising arrangements have been put in place under the guidance of the DSTs and NGOs for routine operation, maintenance and cost recovery of facilities, but to some extent periodic repair or improvement may make demands on district agencies for which they will find it difficult to ensure funding. The social sector interventions have made distinct improvements to health status and education levels but have raised questions of the viability of continued funding, for instance for drugs supply and for the wider and refresher training for the personnel involved, to assure the necessary continuity of service provision. Prudence dictates that predictions of sustainability should be moderated to account for the influence of some of these factors of uncertainty. Accordingly, sustainability of Project activities and benefits is assessed as moderately low - 3.

J. Innovation and Scope for Replication

116. The innovative elements of the NERCRMP that have proved successful include: the single-minded dedication to grass roots mobilization and participation as the basis for group formation, drawing up local development plans and detailed definition of Project activities; the pioneering of savings and thrift activities and their linkage to the formal rural financial services sector; the introduction of diversified cropping systems with profitable food and/or cash crops as a more sustainable means of utilization of sloping land and modifying the jhum cycle; the imaginative and sound encouragement of commercialization of the operations of small farms and village artisans by contracting with private sector trading, processing and marketing interests; and the pro-active attempts by the RPSU and the DSTs to involve and collaborate with the district and block line agencies in the execution of both Project and local government development schemes and programmes.

117. The scope for replication of Project approach and interventions is already being demonstrated: first, by the fact that in some districts the DST has allowed a number of villages that have expressed an interest in their own development and in the uptake of specific Project-type activities, but that are not officially included in the Project, to benefit from certain activities, including participatory and communal resource management planning sessions and SHG and livelihoods training; and second, by the signs that State Governments are taking notice of Project success, inasmuch as Meghalaya is understood to be considering adoption of the participatory and village planning approach for many of its routine line department operations.

118. With the exception of the soil and biodiversity conservation activities - and with caveats attached to the longer term viability of some of the livelihoods enterprises and to the practicability of assuring the necessary convergence of Project and other local government endeavours for sustainability - the rating for innovation and potential scope for replication of Project approaches and activities is estimated to be high - 5.

K. Overall Impact Assessment

119. The Project has exceeded, met - or come close to meeting - nearly all of the targets that were set at appraisal or modified at mid-term. Although some of the main beneficiaries of the agricultural and natural resource management, livestock development and livelihoods activities, and many of the beneficiaries of the social sector and village infrastructure components, have not been confined to the

poorest of the poor, the Evaluation Mission is satisfied that there has been commendable coverage of smaller and poorer farm households. There has also been significant impact on a representative cross section of the districts population, of whom the majority subsisted below the poverty line pre-Project and now many fewer do; and among whom by far the majority have been women.

120. The NERCRMP has been rather less successful in its jhum modification, agricultural education, rural electrification and soil and biodiversity conservation activities; nor has its coverage of the overall need for improved and assured water supply, continued health provision and outreach to the very poorest echelon of the population been as comprehensive and effective as expected. However, the Project has laid the technical foundation, propounded the communal philosophy and demonstrated the practicability of the participatory approach for future rural and district development in the North East and in other States and districts with similar minority ethnic, socio-economic and natural resource conditions. The impact of the Project in the round is assessed as high - 5, and the pattern of impact on the different key factors of rural poverty is set out Table 8, below.

Table 8: Project Impacts Summary

Poverty Impact Areas	Ranking
Physical and Financial Assets	5
Human Assets	6
Social Capital and Empowerment	6
Food Security	5
Environment and Communal Resource Base	2
Institutions, Policies and Regulatory Framework	2
Gender	6
Sustainability	3
Innovation and Scope for Replication	5
Overall Impact	5

VI. PERFORMANCE OF PARTNERS

A. Performance of IFAD

121. Project formulation was undertaken in a highly participatory manner by a series of IFAD missions between 1994 and 1995; and on the basis of seven socio-economic, production and technical studies by line agencies, parastatal and academic entities and independent consultants. The design of the Project was also shaped, to an extent, by lessons learned from previous IFAD tribal and women’s development projects in Orissa, Tamil Nadu and Andhra Pradesh. The resulting project was modified and appraised by IFAD in 1997. The Project became effective in February 1999, with a completion date of March 2006 and closing date of September 2006. Given the necessary scale and complexity of activities to deal with the problems of the region, the multiple State and district involvement and the need for stakeholder input to enable IFAD to meet its pre-occupations with targeting and participation, the time to practical implementation is considered reasonable.

122. The design was that of a classic, integrated rural development project, covering six districts but with selective focus on activities related to crucial local needs but with a deliberate emphasis on a menu of interventions that was intended to optimise linkages and synergy between interventions that would fit with the overall needs of community involvement and empowerment, natural resource protection and conservation and meaningful alleviation of poverty. The multi-sectoral and wide geographic coverage, the mode of decentralised implementation and the inadequate capacity and capability of the formal local government agencies to undertake the social and technical support work inevitably meant that the Project was highly ambitious and complex in concept and design.

123. Given the depth and urgency of many needs, it is difficult to see how they could have been simplified, except by the introduction of a zero year prior to full implementation for basic organisation and preparation; and by a longer project duration, both of which might have allowed a smoother start-up phase and a more measured application of the participatory approach and village planning inputs. Areas in which design could have been more detailed and explicit were: definition of M&E systems, baseline establishment and impact measurement; assessment of household finance implications for the poor, especially for farm input usage; and the quality and realistic cost factors in water supply schemes, which might have been better accommodated under the infrastructure, rather than the social sector component.

124. The experience of the RPSU and the concerned Central Government and NEC cadres has been that participation during implementation and back-up from IFAD has been timely and effective in resolving technical issues and in dealing with most of the routine loan management matters. However, IFAD is considered to have been partly responsible for the protracted delay in finalising amendment of the loan agreement after the MTR - and for the consequent inordinate interruption of the Project funding flow which was a serious impediment to implementation for many months. It is also felt that the Fund staff could have more actively pursued the resolution of problems arising during supervisions, especially with regard to the unsatisfactory performance of the M&E and survey contracts. Other than these shortfalls, IFAD personnel are seen to have taken an active role in promoting and supporting the Project, including coordination of related activities and active dialogue with the RPSU and Government. The performance of IFAD is ranked as moderately high - 4.

B. Performance of UNOPS

125. The cooperating institution for the Project is UNOPS, which is contracted by IFAD to carry out the mandatory and fiduciary obligations of procurement, disbursement and use of funds, deployment of TA and monitoring of loan compliance as well as discretionary responsibilities to assist borrowers to respond to Fund requirements and facilitate implementation generally. Key factors in the fulfilment of these duties are the staff and consultant inputs required and the costs involved. As is often the case, the tight budget that governs IFAD supervisions constrains the ability of UNOPS to exercise the level of technical analysis, advice and effective follow-up that it might have provided. The Kuala Lumpur Outpost of the Service has made annual supervision visits, normally of less than ten days for a two member team, but sometimes of three or more members for up to fourteen days in the field.

126. For the first four years, the performance of UNOPS was not felt to be satisfactory and there were major problems of personality, attitude and empathy on the part of the staff provided - and to some extent on the part of the consultants used. For the last three years of implementation, supervision is considered by Project management to have improved and to have been consistent with Project needs in terms of timeliness and in the basic approach of analysis, reporting and provision of recommendations, albeit that UNOPS inputs may have been too short and limited from the viewpoint of client/partner liaison. Questions of continuity of staff coverage have arisen and the failure of UNOPS to consult properly with Project Management as to the appropriate expertise that might most usefully be fielded on supervision missions is considered to be an important shortcoming. In addition, there has been a tendency for supervision reports - and particularly supplementary papers - to be more academic than analytical of the real problems at hand in Project implementation; and therefore not to have been as useful as could have been expected.

127. Nevertheless, supervision has by and large helped to identify obstacles and constraints to implementation and to make clear recommendations for problem resolution. The routine work of approval of AWPBs and the prior review process for bidding and approval of withdrawal applications, have, with only few exceptions, been proficient; and UNOPS has provided guidance and advice to facilitate implementation and to help in meeting IFAD requirements. Opinions vary as to the effectiveness of UNOPS; it is the opinion of the Mission that there should have been more rigour in oversight of progress and investigation of weaknesses, such as the ineffectiveness of M&E and impact assessment and the need for more technical staff or for recourse to outsourcing of expertise - and

particularly in progress chasing of funding delays and shortfalls. The performance of UNOPS in supervision is assessed in the round as only adequate - a score of moderately low - 3.

C. Performance of Government and Line Agencies

128. The main direct functions of Central Government with respect to Project implementation have been exercised through the North East Council (NEC), which operates under the aegis of the Department for Development of the North East (DONER), under the Ministry of Home Affairs. NEC is essentially the combined representation of State Governments at Chief Minister, Chief Secretary and other senior director levels. The Secretary of NEC is the president of the General Body and chairperson of the Executive Board of the Regional Society, whose members include nominees from relevant Government of India ministries as well as senior NEC staff; representatives of State Governments and parastatal agencies such as NABARD; and NGO, community and civil society appointees. The role of NEC is to give policy guidance and overall direction; provide liaison between the donor, the various ministries and departments and the Project; review and approve Project proposals and recommendations; and agree plans and budgets and facilitate the requisite flow of Government counterpart funds to the Project.

129. The NEC has experienced frequent senior staff changes and operates under considerable pressure of work and with limited effectiveness in ensuring the application of the necessary time and dedication to Project affairs of its various constituents. Its responsibilities as far as adequate and reliable funds provision to the Project is concerned do not appear to have been clearly identified or understood, with the result that erratic financial flows have frequently interfered with Project progress, particularly for time sensitive seasonal investments in agriculture and natural resource management. The lack of continuity and proper cooperation from the departments and personnel involved in these Project direction and general management relationships have created implementation problems.

130. At the district level, a similar structure of General Body and Executive Board exists for the District Society. The president of the General Body and the chairperson of the Executive Board is the Principal Secretary of the Autonomous District Council in Assam and the Deputy Commissioner in the other States. The Project Manager acts as Member Secretary and at least three members of the Executive Board are women. The District Societies have played a crucial role in the enablement and support of Project activities, although they also suffer from the pressure of work and sporadic attendance at meetings of Executive Board members; and the dis-association from the Project that is felt by many district line department heads and staff.

131. The positive district influence is in the form of conducive policies for socio-economic and natural resources development. Principal weaknesses at district level have been the stringency of finance and resource availability and the scarcity, inexperience, lack of skills - and in some cases, disinterest - of many of the key technical staff. The configuration of the regional and district political and administrative establishments necessitated the development by the Project of an elaborate and over-bureaucratic structure and operating modalities; these leave a large measure of responsibility and jurisdiction for Project affairs with cadres who are only peripherally involved in - or affected by - Project results, and result in a scenario that is not consonant with effective and decisive management.

132. At community and village level the local governance structure is principally the traditional rather than a formal one. The headman or chief and the elders of the tribe form the council which handles virtually all of the socio-economic and political affairs of the village or group, often with significant input and influence from the prevailing religious organisation and with or without a formal village development committee, as the case may be. The key problems at tribe and village level have been those of competence of people and lack of resources, although attitudes to the Project have been overwhelmingly positive, particularly with respect to participation and the prospect for practical measures being developed and resources provided for social welfare and poverty alleviation. Overall, the Government performance is assessed as moderately low - 2.

D. Performance of Project Management

133. The Project Management, although designed as a coordination and strategic unit, has in fact also had to shoulder the major responsibility for driving forward local interest and participation and energising virtually every activity, against the background of new and pioneering concepts and processes. It is perhaps not surprising that Project progress in the early years was somewhat stilted and the record of performance of management chequered.

134. Since the major reorganisation of management in 2003 and the progressive appointment of staff of better calibre, the RPSU core cadre and the DSTs that comprise the Project management capability have, by and large, demonstrated an increasing interest, understanding and competence in Project aims and activities, albeit that the full technical competence to assist districts and villages with execution have not been readily available to them. Despite this, the ability to ensure that things get done is still evolving and district management and technical personnel have been greatly assisted by the supporting administrative and secretarial capability and communications systems put in place by the Project.

135. The downstream agencies of Project implementation at village level have become progressively involved and competent in planning, implementation and supervision, despite their limited initial understanding and skills; nevertheless they have a long, further way to go to reach the level of proficiency that will be required to ensure development sustainability. In aggregate, Project management performance is assessed as competent and high - 5.

E. Performance of NGOs and CBOs

136. There was a very limited presence of NGOs in the Project area at the time of appraisal; only a few local church organisations, small social welfare groups and larger entities such as World Vision and Bosco Outreach had a presence and operational engagement in some districts. It was therefore necessary for the NERCRMP to first of all call in assistance from a national NGO to help in designing the beneficiary mobilisation programme and to commence the sensitisation and training of local NGOs. The Project then took up the inculcation and fostering by the DSTs of the development of the NGO capacity needed for local activities, providing more than 300 training sessions and holding 120 review meetings and numerous workshops to build the necessary capacity. This has been an outstanding success story for the Project: some 50 NGOs, the majority small, locally-based organisations, have been actively engaged in Project activities, forming a cohesive task force with the DST and their clients. In a recent exercise to grade the NGOs for quality of performance, of the 47 that took part, 11 were graded A and 24, B. As a result of their experience in the Project, the NGOs have now formed an apex organisation for the whole North East, its principal office bearers being leading members of the Project partner NGOs.

137. The Project itself has been a major player in the development of community-based organisations (CBOs) in the form of the SHGs, NaRMGs and cluster associations and federations that are now emerging. The present evidence - and the level of confidence of their members - suggests that the majority of these groups will continue to thrive and prosper even in the absence of the Project and of funding assistance, since they have come to fulfil more general development and social uplift purposes, as well as their key functions of poverty alleviation and assurance of food security and increasing family cash incomes for their members. The NGO/CBO - and by implication also the beneficiary community - contribution to support of the NERCRMP is ranked as very high - 6.

138. The performance of the partners in Project implementation is summarised in Table 9, below.

Table 9: Partner Performance Summary

Partner	IFAD	UNOPS	Government	Project Management	NGO/CBOs
Rating	4	3	2	5	6

VII. OVERALL ASSESSMENT AND CONCLUSIONS

139. The overall assessment of Project performance is that NERCRMP has been a notably successful development intervention, despite the very difficult environment in which it was implemented and the hugely ambitious nature of its geographical and subject matter coverage. In some of the aspects of its activities, in particular: in overcoming the natural reticence of the people to uplift their social status, self confidence and self reliance; in pioneering participatory processes to forge and foster group and cohesive community actions; in the use of - and development of - NGOs; in the timely achievement of the physical works and outputs since 2002; and in the promotion and progressing of commercialisation of the small farm subsistence sector through the encouragement of savings, thrift and credit, farm enterprise diversification and private sector linkage, the Project has achieved exemplary results.

140. On the principal IFAD measure of performance, rural poverty impact, the Mission is satisfied that there has been a marked positive change in the predicament of both the direct and indirect beneficiaries, with virtually unanimous confirmation from group interviews of enhanced household food sufficiency, as well as substantial increases in family incomes. This conclusion is reinforced by the results of the wealth ranking exercises carried out by the Project. In terms of the various main domains of poverty impact, only in the case of environment, institutions and policy and sustainability were the scores for impact less than high; for Project performance, only the non-farm livelihoods and the electrical power supply sub-components and the soil and biodiversity activities of natural resource management were marked down for effectiveness; and for performance of the partners, only UNOPS and Government were placed in the bottom half of the ranking range.

141. These results are a clear indication that the Project has satisfied the desired outcome of the first part of its stated goal - of improving the livelihoods of vulnerable groups - although it can only claim to have made a promising start to the process of assuring that the second part of the goal - of assuring the sustainability of those livelihoods and restoring and protecting the environment can be attained. The future direction and progress of that process is going to depend on the impact that has been wrought on Project communities and civil society as a whole - as well as on the convergence of Project achievements and operations with local government and line agency application.

142. The extent to which the Project has met the supporting objectives and delivered the expected outputs for the individual components varies. It has certainly been successful in promoting and establishing the new paradigm of participatory development; in enhancing the participation and capabilities of local people - and this to a remarkable degree, given its starting point; and in increasing income from both farm and non-farm sources. The Project has also made significant headway in: increasing the participation of women in local institutions and community decision making; enhancing savings and promoting thrift; providing access to basic services and social infrastructure; and establishing systems for the maintenance of assets and facilities. Thus the immediate objectives seem mostly to have been met and if these development interventions are properly followed up with continuing support, their long term impact and viability should be assured.

143. This is by any standard a commendable Project out-turn. However, a number of weaknesses or shortfalls persist in Project operations, as described in the foregoing sections and the resolution of which is further elaborated in the final chapter. As alluded above, one of the major objectives - of creating and fostering environmental awareness and knowledge - has as yet had only marginal effect; and the first part of the other outstanding objective - of establishing effective systems for input delivery, is now deemed to be of little relevance to the prevailing farming systems and household economics. The key challenge now facing stakeholders is to frame a strategy and appropriate plans of action to make sure that the Project achievements are consolidated, anchored in the community, civil society and local governance structures - and thus rendered sustainable in the longer term.

VIII. INSIGHTS AND RECOMMENDATIONS

A. Key Component-wise Topics

Institutional Support

144. **Finding.** The Project is already working on the development and empowerment of beneficiary clusters, associations and federations and on producer-trader commercial relations for the estimated 213 long established and advanced Project villages, but much more needs to be done. In addition, for some of the less proficient of the long established villages, of which there are an estimated 114, and for all of the estimated 540 newer villages enlisted since 2003, even more intensive inputs will be required. The commensurate effort and resources that will need to be deployed are going to make considerable additional demands on Project Management and district staff.

145. In this regard, it is recommended:

- that the Project restrict its activities to the current complement of 862 villages; and
- that revised operating strategies and plans be produced, so that the additional staff and/or external service providers, can be engaged to put in the intensive and accelerated inputs that will be required to ensure that all villages and groups reach an optimal stage of self-reliance and proficiency by Project end.

146. **Finding.** The success of the building of community groups has been outstanding. However, to make the SHGs, NaRMGs and especially their women members fully empowered, efficient and food secure they need better and more formalised access to land, including the management and control of land based resources and the economic advantages and incentives that security of tenure provides.

147. Therefore, it is recommended:

- that, as an interim measure, a confirmation of the rights of individual women should be recorded so that their investment in land improvement and enterprise are protected in the face of tribal customary laws;
- that a study on the topic of land tenure be undertaken urgently and an action plan be produced whereby the Project will assist with advice on tenure registration and possibly with financial help in the form of a loan or matching grant aid for the completion of the necessary legal formalities; and
- that the decision making capacity of women at the household and community level be made more forceful by further training and experiential learning, including the promotion of further federation and active networking among Project groups in the remaining Project period.

148. **Finding.** It has proved difficult for the Project to ensure equal development of the most vulnerable and poorest households, many of them woman-headed and generally comprising the lowest 10 to 15% of the villagers, typically with no terraced land, large numbers of children, most of them not in school, prevalence of chronic disease and debility.

149. In this context, it is recommended:

- that a separate strategy be devised as a matter of urgency, for application across the Project districts and particularly among new villages to ensure the inclusion of the poorest groups.

Livelihoods

150. **Finding.** In the case of farm-based livelihoods, the success of crop diversification and livestock introduction measures has been considerable. However, at the moment returns are projected on

current, often small market, values which might easily be swamped by large-scale production, reducing prices and discouraging farmers. Similarly, provision of veterinary services and farm extension generally are extremely inadequate and few farmers, regardless of their activities, are yet secure and confident in the changes brought by the Project.

151. On these subjects, it is recommended:

- that more attention be given to downstream activities of harvesting, handling, storage and presentation and that until markets are firmly established, care needs to be exercised in the further active promotion - and possibly over-selling - by the Project of the more popular new crops;
- that the mobilisation, training and eventual commercialisation of community animal health workers as paravets and suppliers of non-ethical drugs and services be investigated, piloted and pursued, in association, assuming their volition, with the veterinary and livestock departments; and
- that the lead farmers who have become proficient in one or more new technologies, and those who have benefited from a full five years of Project and NGO support be encouraged and assisted to offer their services as paid resource persons/advisers to other groups, villages and development sponsors.

152. **Finding.** With respect to non-farm livelihood activities, weaknesses had been identified during the MTR in terms of the strength of the business culture, the marketability of products and the financial viability of some of the enterprises being supported. Although the Project has taken steps to rectify these shortcomings, mainly by appointment of additional, specialised staff, the evaluation has subsequently found that a still rather unsatisfactory situation persists.

153. Accordingly, it is recommended:

- that the studies of marketing and design improvement for craft and other products be carried out as a matter of considerable urgency and importance;
- that until the marketing channels are identified and strengthened, the Project should not further diversify the product range promoted but consolidate what has been achieved;
- that assistance be continued and stepped up for support of the growth of existing enterprises in all villages as appropriate;
- that economic PRAs, focused on enterprise viability and management, be undertaken for mature villages and groups and the results incorporated into an Action Plan for business development and support that would include strategies for accumulating product in acceptable volumes, value adding and presentation and promotion for marketing;
- that intensive, market demand and supply oriented re-training programmes be mounted in selected villages or clusters as part of the Action Plan;
- that a Task Force be set up at the District Society level with appropriate officers, banks, NGOs and private sector representatives to implement and monitor the Action Plan; a similar Task Force at the regional PSU may be set up; and
- that further support be provided to expand and strengthen the ties between Project groups and the formal rural financial services system, possibly by encouragement of NGO involvement as facilitators of borrowing and servicing of loans.

Social Sector

154. **Finding.** Although the Project has made substantive progress in social sector activities, it has not been able to meet the demand for safe water supply. This is due to various constraints such as per capita investment norms, limited funding for social sector activities, inadequate support of technical staff and line departments, and possible over-emphasis on low cost toilets. The relative success of the community health - and particularly the FCC - model has been established but the opportunity was

missed to capitalise on the pilot phase and to widen the Project coverage to traditional healers and birth attendants. For the villages already covered, there is an immediate need to consolidate the gains; for newer villages, especially those that are remote and have virtually no access to medical services, the scope for more active coverage needs to be considered.

155. The education sub-component is still relevant given the problems of subsistence agriculture, lack of relevance of the educational curriculum, alienation of the youth from agriculture, high drop-out rates and the significant numbers of out of school children particularly from poor families. However, it is recognised that the state school system is unlikely to cater for these problems. Given the interest of NaRMGs and the enthusiasm for functional literacy and numeracy training, there is a clear need for intervention in education by community groups, in the interests of long term impact and sustainability.

156. In this regard, it is recommended:

- that the Project sets out to address the issue of safe drinking water in all villages so far not covered, following a participatory approach ensuring peoples contribution and full involvement of NaRMGs in operation, maintenance and collection of user charges;
- that the RS and DSs mobilise additional financial resources from Government and other sources for water supply works if the available amount is inadequate;
- that regular refresher health training be given to FCCs and follow-up support of a specialised agency for supply of drugs at bulk price be arranged, enabling the cluster associations, SHGs and NaRMGs to own and implement the programme;
- that the future health programme be designed and operated with community ownership, taking in traditional healers and birth attendants, with a clear and time bound strategy for withdrawal and sustenance through linkages with the health departments and ICDS;
- that further inputs in education be assigned to community ownership and management, to ensure better enrolment, retention and attendance, as well as narrowing of the gender and poverty divide.

Village Infrastructure

157. **Finding.** The performance of Project Management with regard to infrastructure has been constrained by the absence of any engineering expertise in the cadre. Those members of the PSU and District Support Teams most involved are judged to have done a reasonable job of assisting in planning, guiding and supervising the works. The performance of the other main players, the block or district line department engineers and the beneficiaries themselves has been satisfactory - as far as they went - in achieving the results obtained to date.

158. However, it is now recommended:

- that the Project augment its staff with an engineering adviser and/or adopt an active policy to employ external specialist consultants, when required for larger investments; and
- that the guidelines of expenditure per household and expenditure per component and sub-component be interpreted in a more flexible and pragmatic manner so as not to disqualify crucial infrastructure investments for smaller and poorer communities.

Natural Resource Management

159. **Finding.** The major concerns in natural resource management are the limited coverage and impact so far of soil conservation measures in jhum modification and agricultural development and the similarly low level of penetration in Project villages and communities of the appreciation of the importance and understanding of biodiversity conservation issues. There is a grave danger that these

shortcomings may undermine the poverty alleviation and socio-economic gains that the Project has achieved.

160. In this regard, it is recommended:

- that much more determined and focused effort be placed on the use of soil conservation in improved agricultural practices, including the demonstration - by a contracted service provider such as the Agricultural University - of different models, cropping patterns and methods for retaining fertility and assuring productivity in jhum lands;
- that agronomic/land husbandry rather than engineering measures - for example vegetated bunds, alley or patchwork planting and other agro-forestry methods - be promoted for soil conservation; and
- that staff and beneficiaries from other districts be taken to West Garo to learn of the advanced status of biodiversity protection in that district.

Project Management

161. **Finding.** The main conclusions of the evaluation with respect to Project Management are that: the present mandate of the Regional Project Support Unit does not extend to jurisdiction over district Project activity implementation management and that this constitutes a major impediment to the progress and impact of interventions; shortage of technical staff and of suitable training of incumbent cadres is constraining the performance of staff that have shown commitment and enthusiasm for Project affairs; and the inadequacy and unreliability of funds flow has been a serious problem, with particular adverse effects on seasonal programmes like plantations establishment.

162. In response to these issues, it is recommended:

- that the RPSU is given more authority through the aegis of the DC to influence and control district activities in the latter years of the Project;
- that further training and capacity building through formal courses, exposure visits and technical assistance be provided to core RPSU, DST and NGO staff; and
- that a new understanding and binding arrangements be thrashed out and agreed by all parties - the NEC, Project Management, IFAD/UNOPS, DONER and the Ministry of Finance and Planning Commission - to remedy the deficiencies and delays in funds flow.

B. Overarching Insights and Recommendations

163. In addition to the above, there is a series of critical issues facing Project Management and stakeholders, namely: consolidating the achievements and gains that have been made in all facets of Project activity; optimising the sustainability of gains, achievements and supporting development operations; and facilitating dissemination and replication of the Project approach, modalities and interventions in other villages, blocks and districts.

164. Recognising that an agency would need to be engaged to carry on the work of the Project on these issues, activity has already started - and indeed considerable strides have been made - in taking the essential steps on the beneficiary side of encouraging and supporting the formation of cluster associations and federations of SHGs that can have a concerted voice and better represent the interests of the communities to be served. The Project is also actively supporting the development of linkages between farmers and groups and their trading, marketing and processing clients. While this action should resolve the problem of proper preparation for all groups, villages and clusters for the winding down of Project activities and funding, it is clear that further measures will also be necessary: to foster the convergence of the Project activities with those of the block and district line departments that will inevitably be a prime source of advice, information, assistance and funding for further development;

and to transform the competent but rather disparate group of Project district NGOs into an effective liaison, training and service provision capability.

165. The needs of groups and clusters graduating from the Project are likely to be for sporadic advisory, information and professional expertise back-stopping and inputs, rather than for routine visiting and consultation as in the earlier stages of mobilisation and organisation. As of now, no single one of the existing agencies in the North East suggests itself as having all of the requisite capabilities or the necessary resolve and track record to carry on the work of the Project. A consortium or joint venture of NGOs would be an obvious candidate for the provision of such services; in an ideal situation, a combination of NGO, line agency and private sector resources would be available for consultation; what is most important is that the agency or agencies involved can demonstrate that they have the requisite mandate, dedication and resources.

166. In this context, it is recommended:

- that the Project make greater efforts than at present in most districts to involve the block and district line departments in the development and empowerment of villages and groups, if necessary by invoking the much more active support of DCs, to familiarise the cadres with the Project philosophy and operations and provide on-job training and experience;
- that a specific programme of liaison and knowledge sharing with block and district line agency staff be devised and rigorously pursued with a view to devolution of some Project tasks and responsibilities to suitable agencies or personnel as the Project winds down;
- that a similar programme of active engagement with - and technical and financial assistance to - the NGO sector, directed at district level but possibly also including regional considerations, in order to also prepare them for potential handover of group fostering and service provision; and
- that District Societies and the Regional Society be given greater responsibility for the planning, the raising of financial resources from Government, donor and NGO sources, facilitation and supervision of development along Project lines, by the allocation of Project funding and the deployment of some of the Project senior cadre, for up to two years after Project closure.

167. **Finding.** In making these recommendations, it is recognised that again additional staff resources, modification of the funding allocations for Project activities and possibly further studies to assist management in fleshing out its operating strategy and plans are going to be required. For this purpose, further guidance should be provided by professional development consultancy assistance contracted for the purpose. However, in the judgement of the Mission - and taking account of the immense task of bringing the large number of new villages to an acceptable level of self-reliance - two elements are of prime importance in seeing through an even more satisfactory outcome to NERCRMP activities than is at present contemplated.

168. On this subject, it is recommended:

- that as far as practicable, the current Project Management senior cadre be committed and contracted to continue in service up to Project closure, but not necessarily in the same positions; and
- that the Project duration be extended for two additional years, as a minimum, to complete the operations and additional tasks now envisaged, that is up to 31 March 2008 for completion and 30 September 2008 for loan closure.