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Dar a la población rural pobre la oportunidad de salir de la pobreza
تمكين السكان الريفيين الفقراء من التغلب على الفقر

24 September 2012

Dear Mr. Parasuram,

Subject: Joint Review Mission for Tejaswini Rural Women's Empowerment Program, Madhya Pradesh, IFAD Loan 682-IN

I have the pleasure to refer to the Fourth Joint Review of the above mentioned programme undertaken during 5th to 17th September 2012. I am pleased to inform you that the management of IFAD has concurred with findings and recommendations of this review which were discussed at the wrap up meeting chaired by the Principal Secretary of the Department of Women and Child Development on 17th September 2012, which are contained in the Mission's Aide Memoire.

Persistent programme management issues including frequent change of the Programme Director (PD), complete absence of technical team at the State Programme Management Unit (SPMU), substantial vacant positions at the district level and glitches in fund flow to the NGOs and district level activities were the main issues impeding programme implementation during the most part of 2011-12. The programme has seen two Managing Directors (MVVN) for Mahila Vitta Evam Vikas Nigam (MVVN) and four Programme Directors (PDs) during the last 12 months. However, several steps were taken during the last six months to put the programme back on track: These steps include: (i) Nomination of MD of MVVN as PD of Tejaswini-MP; (ii) issuance of orders to appoint key State Programme Management Unit (SPMU) staff through deputation; (iii) efforts to streamline payment to NGOs; (iv) focussed coordination with the district administration to enhance bank linkage; (v) agreement with NRLM to avoid duplication of efforts between Tejaswini-MP and NRLM and to converge Tejaswini-MP groups with that of NRLM; and (vi) facilitation for preparation of Livelihood Plans by FNGOs.

Field level activities remain on course. The activities related to SHG mobilisation, drudgery reduction and capacity building for formation of sub-block level federations in 50% of the locations have made substantial progress. The programme has mobilised 12,419 SHGs as against the target of 12,000. In addition, 2,452 VLCs and 5 federations have been formed, and 25 federations are in the process of being established. During the last six months, the programme has added 129 SHGs to include the left out poor households and also reorganized 47 SHGs to make them compliant to SGSY requirement. Substantial progress has been achieved to ensure access to entitlements including demanding services from the government departments.

There has been a spurt in bank linkage during the last 3-4 months due to enhanced coordination with district administration and continuous monitoring by MVVN management. In total, the programme has credit linked 2,294 SHGs being 18.5% of the total number of SHGs mobilized. During the last 3-4 months alone, 399 SHGs have been credit linked and 1,539 proposals for credit linkage are being processed.

Substantial amount of work in livelihood related activities is being implemented by the FNGOs and DPMUs through convergence with other government and donor programmes despite availability of funds within the programme to fund these activities. FNGOs with support from DPMUs have mobilised INR 890 million from various sources for implementation of livelihood and other activities of the SHG members. FNGOs and RNGOs have been requested by the programme to submit proposals for funding the livelihood activities. In total, 18 proposals have been submitted with a total outlay of INR 45 million. These proposals are expected to be appraised and approved during the last week of September 2012.

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This programme was classified as a "problem project" since 2010-11. Department of Economic Affairs in its Tripartite Review Meeting held on 31.8.2012 discussed issues related to enhancing rate of disbursement by focussing on big ticket expenditure items and smooth flow of funds. They include: (i) funding of livelihood proposals; (ii) settlement of advances; and (iii) timely submission of Withdrawal Applications and settlement of Statement of Expenditures of NGOs. MVVN has started taking steps in this direction during the last three months. Two pending WAs have been resubmitted and the livelihood proposal submission and approval process has been fast tracked. A circular was issued to release advance to FNGOs upon submission of a certificate that 60% of the advance has been utilized.

Two goal posts were established during the JRM of 2011 to move this programme from the "problem project" status. The goal posts relate to improving programme management and enhancing utilization of financial resources. It was not possible for the programme to implement activities required to achieve these goal posts with the exception of appointment of MD of MVVN as PD and continuation of existing district staff.

The programme has made substantial progress during the last six months and in addition, the newly appointed Commissioner ICDS&WE and MD of MVVN has taken quick decisions to maintain the momentum generated during the last six months. These include: (i) continuation of deputation of a District Programme Manager despite a recall request from his parent department; (ii) termination of the contract with MVPSPS (a FNGO working in Tikamgarh district); and (iii) nomination professionals selected as Manger-Gender and Manager-MIS for training sponsored by IFAD though they are yet to join duty.

In the event this momentum is maintained, it is possible to review this programme in the next three to four months for a possible re-rating out of "problem project" category. The prerequisites for such a review include: (i) Appointment of a fulltime Deputy Programme Director (DPD) for Tejaswini-MP and if needed delegate necessary powers of the PD to the DPD/Acting Deputy Programme Director; (ii) appointment of full-time Finance Manager for SPMU and other SPMU professionals and continuation of existing DPMU teams; (iii) approval and issuance of sanction letters for at least 12 livelihood proposals submitted by FNGOs; and (iv) settlement of Statement of Expenditure and programme advances of FNGOs and RNGOs until June 2012 with the exception of MVPSPS. Subject to compliance to these four pre-requisites, MVVN may request IFAD to field a Joint Review Mission in January 2013 to move this programme out of "problem project" category.

I am confident that the recommendations of the mission which are further elaborated in the Aide-Memoire will be addressed in a timely manner. As per our operational modality, the Programme Management Unit is expected to prepare and send an Action Taken Report to our Delhi Office after three months from the date of receipt of this letter.

Assuring you of our constant support towards successfully implementing this programme,

Yours sincerely,

Nigel Brett
Officer-in-Charge
Asia and the Pacific Division
Programme Management Unit

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Tejaswini Madhya Pradesh Rural Women Empowerment Programme - Loan No.: 682 IN

Joint Review Mission: 5 -17 September 2012

Aide-mémoire[1]

Introduction

1. A Joint Review Mission (JRM) was fielded by IFAD during 5-17 Sept 2012 to review the implementation progress of Tejaswini-MP. The overall goal of the programme is to enable poor women to make use of choices, spaces and opportunities in economic, social and political spheres for their improved wellbeing. The programme area includes six rural districts of Madhya Pradesh (MP). IFAD loan was declared effective on 23 July 2007 and completion date is 30 Sept 2015. The total cost of the programme is estimated at USD 37.2 million (approximately INR 1,616.0 million) for MP with IFAD's loan assistance of USD 13.00 million (approximately INR 567.o million) and the remaining to be funded by Government of Madhya Pradesh (GoMP), NABARD, SHGs, Banks, MFIs and communities.

2. The main objectives of the mission are to make an overall assessment of the programme implementation performance including issues related to programme management, bank linkage of SHGs and implementation of livelihood related activities. The mission upon arrival in Bhopal held discussions with the officials of Mahila Vitta evam Vikas Nigam (MVVN) including the district level staff, and FNGO and RNGO representatives on implementation progress. The mission undertook field visits during 7-11 September. A pre-wrap up meeting with the DPMU and SPMU staff of Tejaswini-MP was held on 16th September to agree on a set of recommendations for implementation. This Aide Mémoire was presented at a wrap-up meeting held on 17th September chaired by Mr. B.R. Naidu, Principal Secretary, Department of Women and Child Development (DWCD), GoMP and attended by Dr. M. Agnani, the newly appointed Commissioner ICDS and Women Empowerment (WE) and Managing Director (MD) of MVVN and Mr. Anupam Rajan, Former Director-Women Empowerment and Managing Director of MVVN. Immediately after wrap up meeting, the Commissioner ICDS&WE and MD of MVVN cleared the files related to: (i) continuation of deputation of District Programme Manager-Tikamgarh despite a recall request from his parent department; (ii) termination of the contract of MVPSPS (a FNGO working in Baldeogarh and Budera locations of Tikamgarh district); and (iii) nomination of professionals selected as Manger-Gender and Manager-MIS for training sponsored by IFAD though they are yet to join duty.

3. The mission briefed Mr. Sanjay Garg, Director (MI) on 20 September 2012 on implementation progress of the programme. The concerns raised by the Director (MI) include: (i) the need to reduce dependence on subsidies while promoting livelihood activities by promoting bank linkage; (ii) focus on livelihood promotion during the early stages of project implementation; and (iii) focus on bank linkage for all SHGs to ensure sustainability of SHGs beyond the project life. The recommendations made by the mission are subject to the approval of IFAD and GoMP. The mission would like to express its sincere appreciation and thanks to all the stakeholders for the co-operation and support provided during field visits as well as during the meetings in the field and in Bhopal.

Overall Assessment of Project Implementation Progress

4. The implementation performance of this programme is rated as Moderately Satisfactory (Score=4). Persistent programme management issues including frequent change of the Programme Director (PD), complete absence of technical team at the State Programme Management Unit (SPMU), substantial vacant positions at the district level and glitches in fund flow to the NGOs and district level activities have had negative impact on the overall performance of the programme. However, the GoMP has taken several steps during the last 3-4 months: These steps include: (i) Nomination of MD of MVVN as PD of Tejaswini-MP; (ii) issuance of orders to appoint key State Programme Management Unit (SPMU) staff through deputation; (iii) efforts to streamline payment to NGOs; (iv) focussed coordination with the district administration to enhance bank linkage; (v) agreement with NRLM to avoid duplication of efforts between Tejaswini-MP and NRLM and to converge Tejaswini-MP groups with that of NRLM; and (vi) facilitation for preparation of Livelihood Plans by FNGOs to be funded by Tejaswini-MP.

1/ Meera Mishra, Country Coordinator, IFAD India Country Office; Saleela Patkar, Grassroots Institution Development and Microfinance Specialist; Lathamala, Gender and Knowledge Management Specialist, Pratul Dube, Financial Management Specialist; M.K. Chaturvedi, Acting Deputy Project Director and Arvind Bhal, Manager, MVVN and Shreekantha Shetty, Mission leader.

5. Field level activities remain on course. With the exception of MVPSPS (a FNGO working in Tikamgarh district) all other FNGOs have made substantial progress in terms of accessing convergence programme and linking SHGs with banks. Despite complete lack of technical backstopping from SPMU and slow flow of funds, District Programme Management Units (DPMUs) and FNGOs with support from RNGOs have taken steps to implement field level activities with little disruption in all the locations with the exception of Baldeogarh and Budera locations. The activities related to SHG mobilisation, drudgery reduction and capacity building for formation of sub-block level federations in 50% of the locations have made substantial progress. Most of the FNGOs have mobilized funding through convergence for social development related activities in addition to INR 10,000 allocated per village for drudgery reduction activities by the programme.

6. The programme has mobilised 12,419 SHGs as against the target of 12,000. In addition, 2,452 VLCs and 5 federations have been formed and 25 federations are in the process of being established. During the last six months, the programme has added 129 SHGs to include the left out poor households and also reorganized 47 SHGs to make them compliant to SGSY requirement. Substantial progress has been achieved to ensure access to entitlements including demanding services from the government departments. There has been a spurt in bank linkage during the last 3-4 months with active support from the district administration. In total, the programme has credit linked 2,294 SHGs being 18.5% of the total number of SHGs mobilized. During the last 3-4 months alone 399 SHGs have been credit linked and 1,539 proposals for credit linkage are being processed. Worst performance has been in Baldeogarh and Budera locations. Out of 400 SHGs mobilized only two SHGs are reported to be credit linked. Substantial amount of work is being implemented by the FNGOs and DPMUs through convergence despite availability of funds within the programme to fund these activities. FNGOs with support from DPMUs have mobilised INR 890 million from various sources for implementation of livelihood and other activities of the SHG members mobilized under this programme. FNGOs and RNGOs have been requested to submit proposals for funding the livelihood expansion of the participating households. In total, 18 proposals have been submitted with a total outlay of INR 45 million. These proposals are expected to be appraised and approved during the last week of September.

7. Tejaswini-MP was classified as a problem project since 2010-11. DEA in its Tripartite Review Meeting held on 31.8.2012 discussed issues related to enhancing rate of disbursement by focussing on big ticket expenditure items and smooth flow of funds with the representatives of GoMP. They include: (i) funding of livelihood proposals; (ii) settlement of advances; and (iii) timely submission of Withdrawal Applications (WAs) and settlement of Statement of Expenditures (SOE) of NGOs. MVVN has started taking steps in this direction during the last three months. Two pending WAs have been resubmitted and the livelihood proposal submission and approval process has been fast tracked. A circular was issued to release advance to FNGOs upon submission of a certificate that 60% of the advance has been utilized.

8. Two goal posts were established during the JRM of 2011 to move this programme from the current "problem project" status. The goal posts relate to improving programme management and enhancing utilization of financial resources. The actions required to be initiated include: (i) appointment of a PD from Central/State Services; (ii) issuance of appointment orders in respect of SPMU professional staff positions by December 2011; (ii) recruitment for vacant district professional staff and support staff positions by January 2012; and (iii) continuation of existing district professional staff and support staff; and (iv) spend INR 120 million by 31.3.2012 from out of INR 140 million allocated for 2011.12. It was not possible for the programme to achieve these goal posts with the exception of appointment of MD of MVVN as PD and continuation of existing district staff.

9. However, the programme has made substantial progress during the last six months and it is possible to review the programme in the next three to four months to move this programme out of "problem project" category. The prerequisites for such a review include: (i) Appointment of a fulltime Deputy Programme Director (DPD) for Tejaswini-MP and if needed delegate necessary powers of the PD to the DPD/Acting Deputy Programme Director; (ii) appointment of full-time Finance Manager for SPMU and other SPMU professionals and continuation of existing DPMU teams; (iii) approval and issuance of sanction letters for at least 12 livelihood proposals submitted by FNGOs; and (iv) settlement of Statement of Expenditure (SOE) and programme advances of FNGOs and RNGOs until June 2012 with the exception of MVPSPS. Subject to compliance to these four pre-requisites, MVVN may request IFAD to field a Joint Review Mission in January 2013 to move this programme out of "problem project" category.

Agreed action	Responsibility	Agreed date
Write to IFAD to undertake a Joint Review of Tejaswini-MP in Jan 2013 after complying with the pre-requisites listed in para 9.	MD	10 Jan 13

Outputs and Outcomes, by Component

Grassroots Institution Building Component

10. The performance under this component is rated Moderately Satisfactory (Score = 4). This component involves organising of women from poor families into SHGs and their apex institutions and to use this platform to manage thrift, credit, livelihoods and social/gender equity issues (see data in Table 1). The main institutions currently organised are SHGs and Village Level Committees (VLCs) and both have attained an early stage maturity where their basic functions (savings, credit and livelihoods for SHGs and reflection and advocacy on social/gender equity concerns for VLCs) can be self-managed though with some external support from the programme. Particularly, there has been improvement in regularity of meetings and savings, increase in savings and internal lending, initiation of livelihoods activities, enthusiastic and increasingly regular participation in VLC activities. The range of issues raised and resolved in VLCs has also increased. In both levels there is clearer articulation of purposes of their organisations, functions, issues and best practices. These outcomes have been helped by greater interactions across SHGs/VLCs, greater clarity of concepts among Location staff and some of the formal training/exposure visits at the district and Location levels. In conclusion, these groups are ready for higher order federating, provided appropriate facilitation is available.

Table 1: Grassroots institutions Building

Component	AR Target	Ach. Mar 12	%	Comment
SHGs formed	12,000	12,419	103%	
Women covered	180,000	165,048	92%	Average membership is lower
Village Level Committees Formed	2,749	2 452	89%	One per village: In process
Locations where Cluster level federations are under formation	-	30	50%	expected to cover all locations next year
Location level Federations formed	NA	3		In southern districts; not formally registered
Bank accounts opened	12,000	10,633	86%	Rapid progress is expected here
Bank finance (INR million)	842	92.3	11%	Average INR 40,000 /SHG
SHGs linked	12,000	2,294 SHGs	19.5%	By AR assumptions 90% of all groups >1 year would be borrowing at a given time

11. The performance with regard to bank-linkage improved substantially during this financial year. On the other hand, there are challenges posed by the nascent attempts to federate at the cluster (4-5 villages) and Location (50 villages) level. Location staff and SHG/VLC members are very enthusiastic about the collective strength offered by the gathering of 300 women at the cluster level and 3000 women at the location level, but the specific objectives of these federations, such as their core activities, structures for governance and operations, fixed and variable costs, resource mobilization requirements to sustain federations and therefore the implications for members is not at all clear. The average savings per SHG remain low at INR 11,511 per SHG. This needs to be increased with both compulsory and fixed term savings instruments.

12. **Convergence with NRLM:** MVVN conducted a meeting with the officials of NRLM and the agreements were reached to exclude Tejaswini-MP villages from NRLM during the next two years and to co-opt SHGs and their federations promoted under Tejaswini-MP into NRLM. This has been a significant achievement of Tejaswini-MP. However, operationalising this agreement requires substantial amount of preparatory work. The most important activities to be completed include: (i) conducting an assessment of composition of SHGs to ascertain the number of SHGs with 70% BPL (both BPL card holders and PRA BPL) members; (ii) developing procedures and ensuring issuance of BPL certification from Gram Sabha for PRA BPL in consultation with NRLM; (iii) increasing the membership of SHGs by including additional BPL (both BPL card holders and PRA BPL) members to ensure compliance to NRLM norm of 70% BPL membership; (iv) ensuring coverage of all BPL (both BPL card holders and PRA BPL) households in programme villages by either increasing the number of SHGs or by increasing number of members in existing SHGs to comply with saturation strategy of NRLM (Tejaswini-MP funds to be used for printing of books and other expenditure related this expansion) ; (v) agreeing with NRLM and implementing uniform set of books of accounts to be maintained by SHGs across all Tejaswini-MP SHGs; (vi) dovetailing with MIS system of NRLM to ensure compliance to reporting requirements of NRLM; and (vii) forming sub-block Federations and developing a system of financial intermediation to facilitate these federations to emerge as Community Financial Institutions proposed under NRLM.

13. **Apex structures of SHGs:** Registration of Apex structures of SHGs promoted under Tejaswini-MP will have to take into account NRLM requirements. The programme will have to facilitate the SHGs to critically work out the finer details of federation structures, functions and cost implications - so that SHG/VLC members are clear on what their federations would do in social and economic sectors and therefore what resources would be required from various sources. The programme has initiated capacity building efforts in 50% of the locations and similar efforts in remaining 50% of the locations will have to be implemented. This requires exposure and training of SPMU/RNGO/District and Location staff, and SHG members and leaders in functions and basic systems, staffing requirements and business plan development.

Agreed action	Responsibility	Agreed date
Develop an operational plan for forming cluster and location level federations in consultation with NRLM for 50% of the locations where federation concept is yet to be seeded.	DPMU, RNGO & FNGO	31 Dec 12
Conduct training/exposure of staff and roll out the federation formation activities in 50% of the locations where federation concept is yet to be seeded.	DPMU, RNGO, &FNGO	31 Mar 13
Prepare business plan with projected revenue and expenditure for 50% of the locations where federation concept has been seeded and required capacity building is completed.	DPMU, RNGO, & FNGO	30 Jun 13
Provide a matching grant of INR 100,000 per year for two years for SHG federations in each location. The first instalment will be released after opening bank account, finalization of a business plan and collection of INR 100,000 from SHGs contribution towards corpus of federation.	SPMU & FNGO	Ongoing
After discussions with NRLM, implement activities required for convergence of Tejaswini-MP groups with NRLM as detailed in para 12.	SPMU& RNGO	Ongoing

Microfinance Services Component

14. The performance under this component is rated as Moderately Unsatisfactory (score = 3). The component includes financial intermediation within SHG (thrift and internal lending) and access to microfinance from banks and MFIs. On the positive side, the pace of financial intermediation within SHGs has slowly improved over time, with signs of greater and more regular savings, increased internal lending and for the first time the ratio of member savings to amount lent is over 100%. However, there are several groups which have very poor internal lending histories and savings mobilisation could improve. However, the performance of the component is heavily weighed down by the continuing struggle to open savings bank accounts and access bank finance due to supply side issues with banks.

15. A study of borrowing behaviour in SHGs has been conducted by RNGOs in their work areas and it is clear that financial intermediation in SHGs improves significantly once they have access to loan funds from banks. Currently bank linkage is mostly for SGSY related loans and there is no focus on direct bank linkage of SHGs. Tejaswini-MP has tried to address the issue of lack of bank linkage by facilitating convergence with various departments and the resources thus mobilised has increased incomes among SHG members. There are some signs of increasing openness of bankers to lend, but the speed is not keeping up with the growth of demand. Several loans that have been sanctioned under SGSY have not been released to members.

16. There is a need for intensive facilitation to increase savings (which SHGs were open to), increase internal lending (as idle funds exist), increase access to investment funds for livelihoods through convergence. It has been reported that where SHGs share profits, their savings rate has increased; this needs to be replicated across Tejaswini-MP. Access to even small amounts of bank funds has improved financial performance in SHGs. About 10,000 SHGs are yet to receive bank loans. Out of this about 3000 SHGs may get funding from SGSY. It will be necessary to support the remaining SHGs with a seed capital of INR 10,000. This seed capital is payable to: (i) SHGs that have not received any subsidy and revolving fund under SGSY; (ii) minimum monthly savings of INR 50 per month with a plan to increase savings to at least INR 100 per month within six months; (iii) at least 75% of the members have obtained a loan through internal lending; and (iv) audit of SHG accounts by a Chartered Accountant. This amount may especially be used to finance the purchase of drudgery reducing technologies like stoves, farm implements, water filters, etc.

17. While there is continued effort to motivate bankers to lend to SHGs, there are systemic issues within the banking sector that need to be addressed. One of these issues relate to workload of bank staff. This can be addressed by appointing Bank Mitras. Similarly, grading camps at each location in collaboration with bankers and digitising the application forms and loan documentation in consultation with respective banks will have to be implemented.

18. **Audit and Grading of SHGs:** The books of SHGs will have to be audited by Chartered Accountants and the system of audit will have to be institutionalised in all areas so that at least three audits and assessments are completed per SHG by Programme close date in 2015. Annual SHG grading to assess the institutional performance is not being done for group older than a year due to absence of an assessment tool. PRADAN undertakes SHG grading every year and has a tool for grading of SHGs. All SHGs will have to be graded using this tool. In addition, a recommendation was made in the last JRM to computerise SHG accounts. This needs to be implemented urgently.

Agreed action	Responsibility	Agreed date
Increase savings (both compulsory and fixed term) and intemal lending capabilities of SHGs.	FNGO/DPMU	Ongoing
Provide INR 10,000 as seed capital to SHGs subject to compliance to conditions set out in para 16.	SPMU	31 Dec 2012
Present a proposal on appointment of Bank Mitras using project funds , get approval of SLBC and implement the same in at least two districts (one in each region). In districts where the Bankers are ready to place Bank Mitra with approval of their management, provide funding from Tejaswini-MP.	SPMU	31 Dec 2012
Conduct Grading camps in each location in consultation with the district administration where activities related to grading, sanction of loans and disbursement of loans will have to be reviewed.	DPMU & FNGO	Ongoing
Digitise SHG loan application forms and loan documentation in consultation with banks operating in the area	DPMU & FNGO	
Conduct annual SHG audits using Chartered Accountants and annual Grading of SHGs–institutionalise the process in Locations and eventually the federations.	DPMU, RNGO & FNGO	31 Mar 2013
Install software for maintaining SHG accounts, operationalise and be on line in all locations.	PRADAN & DPMU	31 Mar 2013
Complete identification and training of book-writers (and any other resource persons) for all SHGs and withdraw Community Mobilisers from bookkeeping and start a system of SHGs paying for services.	DPMU, RNGO & FNGO	31 Dec 2012

Livelihoods and Micro-Enterprise Development Component

19. The implementation performance of this component is rated as Moderately Satisfactory (Score=4). This component has been rerated from previous rating of Moderately Unsatisfactory (Score=3). The activities related to livelihood and enterprise development have gained momentum during 2012-13. The Empowered Committee in July 2012 approved appointment of a Livelihood Coordinator for each district to be recruited and supervised by the RNGOs. MVVN has issued sanction letters to the RNGOs in August 2012 for this appointment. INR 18,000 per month has been allocated as salary for each Livelihood Coordinator and INR 1500 per month as travel costs. There is a need to increase the travel cost, make provision for annual increase in salary, and make work and time allocation of the Livelihood Coordinator amongst 3-4 FNGOs in the district.

20. **Convergence:** The programme has implemented substantial livelihood activities through convergence. PRADAN, NIWCYD, AES, Development Alternatives, Darshana, VIKALP, Mahila Chetna Manch and CARD have accessed funding from other donors to implement livelihood activities. The activities supported by these donors include System of Rice Intensification, vegetable cultivation and goat rearing. FNGOs in collaboration with the DPMUs have mobilized substantial resources from government departments for implementing livelihood activities. This despite the fact substantial amount of financial resources of Tejaswini-MP remains unspent. In total the programme mobilized INR 890 million during the last five years through convergence with other government programmes of which INR 330 million during 2011-12. Major convergence programme include: (i) MGNREGS from Rural Development Department for construction of farm bunds, farm pond and irrigation well; (ii) Khadi Village Industry Board of the Department of Rural Industries for flour mills, pottery and incense stick, candle and detergent manufacture; (iii) Horticulture Department for distribution of seedlings and farm equipments; (iv) Projects under ATMA of the Agriculture Department for promotion of System of Rice Intensification; and (v) NABARD for establishing Kisan Club and horticulture development.

21. **Livelihood Plan Implementation:** MVVN requested all the FNGOs and RNGOs in June 2012 to submit livelihood proposals. The maximum outlay for each proposal was fixed at INR 5.00 million for RNGOs and INR 2.5 million for FNGOs. Thereafter, RNGOs made visits to all the FNGOs in their area of operations and conducted an assessment of potential to implement livelihood activities. A workshop was conducted at the state level involving FNGOs to work out modalities of livelihood proposal preparation. A model proposal was prepared and district level workshops were conducted to prepare the proposals. In total, 18 proposals have been submitted by RNGOs and FNGOs to

MVVN. Out of this, 12 proposals are from the southern region districts and 6 are from northern region districts. These proposals are currently being reviewed by MVVN. A draft outline for preparing a summary review note for each proposal has been prepared by the mission and handed over to the programme. Three issues need to be considered while reviewing and sanctioning the livelihood proposals. They are: (i) MVVN will be able to fund livelihood proposals for a period not exceeding two years as Tejaswini-MP is expected to close by September 2015; (ii) explore the possibilities of seeking bank loans for household level investment to reduce dependence on subsidy; and (iii) strategies for implementing a system of revolving the support provided to households at the SHG level will have to be formulated by each FNGO at the time of implementing livelihood proposal. A template for appraisal of proposals and a draft sanction letter have been prepared for use by MVVN and the same will be provided along with the Final Report.

22. **Income Generating Activities:** Tejaswini-MP currently provides approximately INR 2.00 million per district to FNGOs for skill training, enterprise and market linkage and marketing support. Most these funds (about 80%) are spent on training. The weakness of current skill training activities include: (i) selection of beneficiaries without taking into account their ability and interest to undertake the proposed activity; and (ii) inadequate planning to support trainees to implement the activity after training by providing support for purchasing equipment and materials through bank linkage, convergence with government department, self financing and programme support. It is necessary to implement income generating activities in a systematic way to ensure uptake by the participating members. These plans with Tejaswini-MP funding of not more than INR 100,000 per Producer Group and per household investment of not more than INR 10,000 will have to be prepared and submitted by the FNGOs to DPMUs for inclusion in the AWPB. Maximum financial allocation per location per year will be INR 200,000. These proposals will have to be reviewed at the district level in consultation with RNGOs and included into the AWPB.

Agreed action	Responsibility	Agreed date
Revise the order for engagement of Livelihood Coordinators to: (i) increase the travel cost from INR 1500 to INR 4000 per month; (ii) allow annual increase of salary by 5%; (iii) work allocation of 5 days per FNGO each month, 2 days with RNGO and 2 days with DPMU.	SPMU	Immediate
Field Livelihood Coordinators in each district	RNGOs	31 Oct 2012
Review, sanction and issuance of sanction letters for Livelihood proposals already submitted by FNGOs and RNGOs.	SPMU	31 Oct 2012
Facilitation for preparation and submission of new proposals from FNGOs that have not yet submitted any proposal and also FNGOs that have interest and capacity to submit additional proposals.	RNGO/FNGOs	30 Nov 2012
Review, sanction and issuance of sanction letters for new Livelihood proposals to be submitted by FNGOs and RNGOs.	SPMU	31 Dec 2012
Issue instructions for preparation of Income Generating Activity Plan for each location by the FNGO for incorporation into the AWPB.	SPMU	Immediate
Facilitation and ensuring submission of Income Generating Activity Plans to the DPMU for inclusion in the AWPB	RNGOs/FNGOs	30 Nov 2012
Review and incorporation of Income Generating Activity Plan in the AWPB	RNGOs/DPMUs	31 Dec 2012

Women Empowerment and Social Equity Component

23. Performance under this component is rated Moderately Satisfactory (score=4). The programme has executed several trainings and mass media campaigns on gender issues for staff and communities. It has facilitated discussions on violence and resources mobilisation in SHG meetings, implemented drudgery reduction activities, trained VLCs to tackle gender based exploitations and mobilised health, social security and economic resources through convergence during 2011-12. However, the focus on this component has declined and as result, the programme spent only 30% of the budget against 46% during 2010-11. Despite this, district and location teams have kept up the implementation pace.

24. Efforts made to ensure gender equity have to a large extent created awareness among SHG members. Without doubt, SHGs and VLCs have created an enabling environment for women to share and discuss issues that affects them. VLCs continue to address social and community development issues. Status of women in terms of decision making, control over cash, mobility and image in society has increased. Their responsibilities and role in the family and community has increased due to increased economic, social and political opportunities. The women did not perceive the additional responsibilities as a burden but feel they are more in control of their lives. There are instances of collective action against violence, child marriage, gambling, liquor and asserting their rights for equal wages, job cards, etc. However, all such actions have been happening on ad hoc basis and gender roles at family and community continue to be along conservative societal norms.

Women are still hesitant to discuss violence that takes place within their homes. Since socially sanctioned practices are deep rooted in the psyche of the community, any remedial action taken on contingent basis will not create significant change. It requires focused strategies and structured facilitation on a continual basis to eliminate gender biases and violence. The Programme staff need to have broader gender perspective beyond physical coverage and conventional approach.

25. It is reported that cumulatively over 65,000 women from 946 villages have benefited from drudgery reduction activities. Tasks that cause drudgery include fetching water, fuel, fodder and agriculture work. Open defecation was added by SHG members as a source of low dignity. Programme interventions have reduced drudgery marginally. It is too ambitious and unrealistic to aim for reducing drudgery of a large target group with limited funds of INR 10,000 per village. Convergence initiatives such as of Society for Development Alternatives and PRADAN at Pipra and Dewalpur respectively may be replicated through convergence where ever it is possible. In other villages, programme support of INR 10,000 per village will continue but efforts will have to be made to mobilize substantial convergence funds. VLCs are to be capacitated to plan, implement and manage drudgery related activities. It is also suggested to carry out an impact study of drudgery interventions implemented so far to track impacts and to learn lessons.

26. Training conducted by the programme has helped women to be aware of issues such as health, hygiene, legal literacy and influencing effective local governance. Training and continued discussions have enhanced their confidence and capabilities to deal with outside agencies. So far the programme mobilised INR 890 million to support women through convergence which is highly commendable. The programme has helped NGOs to leverage other programmes by supporting them to organise potential target groups for various programmes of Government and also other donors. Over 3,387 women were supported to get toilets and 8,300 were supported with various social security schemes. 14,250 women have got job cards under MGNREGA. Leaders in SHG/VLCs are aware of various schemes. MVVN needs to broaden its advocacy role by providing pro-active support for state to adopt gender responsive budgeting and a system to monitor its implementation to ensure 33% of direct and indirect beneficiaries in all government schemes. A State Resource Centre for Women has been constituted under aegis of NRCW.

27. So far 35,098 women were trained in health related issues. Neither training modules are available nor trainings are given to Social mobilisers on specific health issues that affect women. In most villages women reported that majority of women suffer from reproductive tract infections, uterus prolepses and anaemia. Structured training modules need to be developed on these health problems to educate women and men, followed by test and treatment though convergence with NRHM. A small fund of around INR 1,000 per treatment camp needs to be allocated to cover incidental costs.

28. Over all, SHG approach and empowerment interventions have helped women to develop positive self image, gain self confidence, awareness and knowledge. A step towards empowerment has begun which needs to be strengthened further to resist negative gender norms which effect structural changes in the status and situation of women. Three of the recommendations of previous JRM were implemented. Action regarding district level drudgery reduction plans is yet to be implemented.

Agreed action	Responsibility	Agreed date
Arrange exposure visits to VLC members, FNGO and DPMU staff to successful drudgery reduction interventions of Society for Development Alternatives and PRADAN to development similar models elsewhere.	DPMU & FNGO	31 Dec 12
Focus on preparation of drudgery reduction plan for a village with convergence funding and the programme allocation of INR 10,000 per village.	DPMU & FNGO	30 Nov 12
Development of a structured training module on Reproductive Tract Infection (RTI) and Anaemia using training modules of NRHM and other resource institutions – Train the Social Mobilisers-allocate a cluster with high levels RTI and other health issues	DPMU	28 Feb 13
Conduct health camps focusing on RTI diagnosis, treatment and follow up in select villages with support from NRHM. Allocation of INR 1,000 to meet incidental costs of per health camp may be made by the programme.	DPMU & FNGO	31 Dec 12
Conduct an impact assessment study of drudgery reduction activities of the programme.	SPMU & RNGO	30 June 13

Programme Implementation Performance

29. **Programme management performance.** The implementation performance of this component is rated as Moderately Unsatisfactory (Score=3). At the time of last JRM (September 2011), Mr. D.D. Agarwal, IAS was the MD of MVVN and Mr. Arvind Bhal was the PD. MVVN appointed Ms. Rachana Budholiya as PD in place of Mr. Bhal in September 2011. Thereafter, Ms.

Rachana Budholiya was transferred and Mr. S.K. Sharma was appointed as the PD in January 2012. In June 2012, Mr. Anupam Rajan, IAS was appointed as Director, Women Empowerment and the MD of MVVN. Empowered Committee meeting held in July 2012 decided that the MD of MVVN will also be the PD of Tejaswini-MP. Mr. Anupam Rajan, IAS was transferred in September 2012 and Dr. M. Agnani, Commissioner ICDS and WE took over as the MD of MVVN. In effect, during the last 12 months, the programme has seen five PDs. Frequent transfer at the top level during the last 12 months has had negative impact on the overall programme implementation reflected by low levels of SHG-bank linkage, delays in preparation and approval of livelihood proposals and low levels of programme expenditure. The Commissioner ICDS and WE being the MD of MVVN will be the PD of Tejaswini-MP as per the decision of the Empowered Committee. In order to rationalise day to day management workload, it may be considered by GoMP to appoint either a dedicated PD or to delegate necessary powers of the PD to Deputy Programme Director/Acting Deputy Programme Director since the financial regulations provide separate powers for both MD and PD. As the programme is in the last two very critical years of implementation, it would be important to maintain continuity at least at the level of DPD. It is therefore recommended that GoMP consider a two year tenure for the PD, if GoMP decides to appoint a separate PD for this programme or the DPD to be appointed.

30. The Empowered Committee also decided to post a Deputy Programme Director from Sate Administrative Services. This proposal has been sent to the government and no action is yet taken on this. During the most part of 2011-12 and first half of 2012-13, most positions in the SPMU have remained vacant. MVVN has issued orders to post SPMU team comprising Community Institution and Microfinance Manager, Gender Manager, Livelihood Manager and Manager-MIS through deputation. These officers with the exception of Livelihood Manager are new to the programme and hence efforts for their capacity building will have to be initiated. In specialized areas such as M&E and Knowledge Management where programme is lagging, the newly appointed Managers will have to be supported by engaging consultants for short to medium term. The positions of Finance Manager at the SPMU and Finance Officer in five districts and several posts of Assistants at both SPMU and districts remain vacant. Assistants (Project, Finance and M&E) are the backbone of the programme and are responsible for most of the office work. On account of the inability of MVVN to recruit staff from the market, Assistants are being recruited on daily wage basis and their compensation is almost equivalent to minimum wages. This apart, the Assistants who are appointed on contract basis are required to work on holidays without additional compensation. This needs to be addressed. In the absence of a Finance Manager for SPMU, the Finance Manager of the Directorate of ICDS holds additional charge. It is necessary that a full-time Finance Manager is appointed for this programme without any further delay. In addition, it is necessary to strengthen the finance department of the SPMU by appointing a full time Internal Auditor. A firm of Charted Accountants may be engaged to provide this service.

31. In addition, an officer of the cadre of Deputy Director from MVVN is currently the Acting Deputy Programme Director for the last one year. Most of the professionals to be brought on deputation to SPMU will be new to the programme. In the event, GoMP posts a Deputy Programme Director from the State Administrative Service, this officer will have to move out. It is therefore advisable to create a position of Assistant Programme Director in order to ensure continuation of the current Acting Deputy Programme Director to ensure continuity.

32. **Staff on contract:** Out of six District Programme Managers and Additional Programme Managers, nine persons are contract staff. Similarly all Assistants are on contract basis. Most of these contracts are due for renewal in September-October 2012. Generally MVVN extends the contract for a period of one year for both deputation and contract staff. The programme implementation has depended largely on the district level professionals and Assistants. The contracts of district level professionals and Assistants with proven track record will have to be extended until the end of the programme.

33. **FNGO Compensation:** The salaries of FNGO staff were revised during April 2011. MVVN used to pay a lump sum of INR 13,500 to cover salary of a Location Coordinator and a Community Accountant. The compensation for these two positions will increase to INR 14,500 from April 2012. The salary of Community/Social Mobilisers will also increase to INR 4700 including travel expense. The salary levels of Location Coordinator and Community Accountant remain very low and this needs to be addressed.

34. **Performance of FNGOs:** MVVN has engaged 21 FNGOs and 2 RNGOs to support implementation of Tejaswini-MP in 60 locations. Each FNGO and RNGO implements the programme in 2-3 locations in a district. MVVN has completed an annual assessment of FNGO performance in

April 2011. During this assessment MVPSPS has received lowest score. Subsequently, MVVN has written a letter to MVPSPS to improve implementation performance. A review of location-wise SHG bank linkage programme by the mission revealed MVPSPS's non-performance. Of the 400 SHGs mobilised by MVPSPS only 2 SHGs (0.5% of total SHGs) were reported to have been credit linked. This is in comparison to about 18.5% of the SHGs linked to banks by other FNGOs. The mission made a surprise visit to Budera location office being managed by MVPSPS and the discussions with the location staff indicate complete breakdown of management structure at the location level. The key observations on the performance of MVPSPS in Budera location include: (i) complete absence of basic management systems including absence of an attendance register and staff performance review reports; (ii) non-payment of staff salaries for the last 10-11 months; (iii) absence of the Location Coordinator and the Community Accountant for about 9 months during the last one year; (iii) three vacant positions of Community Mobilisers; and (iv) inability of the Community Mobiliser to arrange meeting for the mission with at least one SHG member out six SHGs (about 72 members) promoted in Lar village. Such a situation normally leads to SHGs becoming defunct. It also becomes difficult to revive SHGs in these areas due to loss of trust with the community. MVPSPS handles Baldeogarh location in addition to Budera. The situation in that location also may not be much different as there is no Location Coordinator for the last one year. This apart, MVPSPS has not attended the bank linkage status review meeting held on 30th July and 1st August 2012 and the start-up meeting of the JRM attended by all FNGOs on 6th September 2012. This indicates complete lack of interest on the part of MVPSPS to implement this programme. Only two years of implementation remains and the SHG and their superstructures will have to be created to ensure dovetailing with NRLM apart from preparation and implementation of livelihood plans. Unless immediate steps are initiated to allocate these locations to an alternate organization, the communities will not be able to access benefits either from Tejaswini-MP or from NRLM.

Agreed action	Responsibility	Agreed date
Consider the option of appointing a PD other than MD of MVVN for Tejaswin. Appoint a fulltime Deputy Programme Director for Tejaswini-MP as approved by the Empowered Committee. Consider the necessity of delegating powers of PD to the Deputy Programme Director/Acting Deputy Programme Director in case a PD other than MD is not appointed to this programme.	GoMP	30 Nov 12
Create a position of Asst. Programme Director to accommodate the current Acting Deputy Programme Director to ensure continuity in programme implementation.	GoMP	31 Dec 12
Depute SPMU professionals concerned to the Gender and KM workshop and also M&E workshop being planned by IFAD India Country Office.	SPMU	Immediate
Request IFAD India Country Office to provide implementation support for training Finance, Gender and M&E Professionals.	SPMU	Immediate
Expedite posting of Finance Manager and Asst Finance Manager for SPMU and Finance Officers for DPMUs and other professionals.	GoMP	31 Oct 12
Strengthen the Finance Department of SPMU by appointing a Chartered Accountancy firm to provide a full time Internal Auditor.	SPMU	31 Dec 12
Engage short term consultants to support SPMU team in aspects related to M&E and Knowledge Management	SPMU	Ongoing
Review the performance of Assistants on daily wage basis at the end of six months and if found satisfactory engage them as Junior Consultants as per the compensation pattern fixed in the financial regulations of MVVN.	SPMU	Ongoing
Make allocation for payment of salary equivalent to their per day salary for each day of additional work undertaken Assistants during holidays.	SPMU	Ongoing
Ensure with immediate effect renewal of contract /deputation of district professionals and Assistants with proven track record until the end of the programme.	SPMU	Immediate
Increase the lump sum allocation for salary of Location Coordinator and Community Accountant by at least INR 2000.	SPMU	Immediate
Terminate the contract of MVPSPS complying with the conditions set out in the contract. Allocate these locations to one of the FNGOs/RNGOs engaged by the programme by seeking acceptance from the top ranked NGO (as per the rating exercise conducted by SPMU in July 2011). In the event of non-acceptance of the offer by the highest ranked NGO, the offer will have to be given to next highest ranked NGO. Non-acceptance from the NGOs will have to be obtained in writing.	SPMU	Immediate

35. **Monitoring and evaluation.** The implementation performance of this activity is rated as Moderately Unsatisfactory (Score=3). This is one of the weakest links and the absence of dedicated staff has hampered this activity in the SPMU since October 2011. However, selection has been made to fill this post on deputation and the person selected in yet to join. Information is being collected from location offices, which is complied manually at DPMU and finally consolidated at SPMU. It is observed that districts have better information than the state level. But there is no coherence in the information collected across districts due lack of standardised reporting system. The programme engaged Agriculture Finance Corporation to conduct baseline survey and this

report has been submitted. The quality of analysis and interpretation of results is far from satisfactory.

36. Annual Outcome Survey (AOS) and analysis is being undertaken using the questionnaire provided by IFAD. Data accuracy has to improve. AOS do not adequately capture outcomes and impact related to empowerment, social equity and institutions and district level variance. Therefore, simple but specific studies such as use of loans for health purposes, the health seeking behaviour, and drudgery reduction initiative of the programme; to capture the outcome and impact will have to be carried out.

37. AOS for 2011-12 used a sample of 200 households each from the control group and programme beneficiaries. There is considerable increase in number of livelihood sources. 34% more respondents have reported this increase when compared to 2010-11. 100% of the programme beneficiaries have reported that there is no food shortage, while 12% of non-beneficiaries are still facing food shortage. Crop production has increased marginally for 63% of the respondents an increase of 25% compared to previous year. 76% of the respondents have reported that they have increased income from agricultural production.

Agreed action	Responsibility	Agreed date
Carry out simple studies on impact study on drudgery interventions and health seeking behaviour among women.	SPMU	Ongoing
Seek implementation support from IFAD to devise simple MIS formats also to streamline collate and analyse data related to outcome and impact.	SPMU	31 Jan 12

38. **Knowledge Management/Innovation & Learning:** The component is rated as moderately satisfactory (score=4). Programme has adopted mainly print and broadcasting media for sharing information. Users of the Information may be broadly classified into three categories: (i) Targeted communities; (ii) direct beneficiaries (SHG/VLC/Federation members); and (iii) indirect beneficiaries (staff, NGOs, local office staff, department, banks etc).

39. During 2011-12, Tejaswini-MP conducted weekly radio broadcasts for mass awareness on gender issues, prepared 300 success stories and published 35 of them and published quarterly newsletter to disseminate information about the programme to indirect beneficiaries. The programme also prepared reference materials for location staff for training related to SHGs and apex structure strengthening. These reference materials mainly provide information on SHG promotion and livelihoods options. A booklet on government welfare programmes was provided to location staff to disseminate information to SHG members. The radio programme on Tejaswini-MP was reportedly effective in communicating programme objectives to a large number of households. Programme staff and SHG members have visited other development models to learn from their experiences. Northern districts have identified resource agencies from Maharashtra and arranged a workshop to understand the concept of federation which was followed by rounds of meetings with F/RNGOs to analyse various models and finalize this concept. Several best practices in convergence and livelihood are emerging in the districts and a system of dissemination and replication of this knowledge needs to be developed. A booklet on the success stories of the programme has been published.

Agreed action	Responsibility	Agreed date
Update the website of both Tejaswini-MP and IFAD Asia with stories from the field to disseminate knowledge generated through implementation.	SPMU	Ongoing
Conduct a regional level workshop of Location Coordinators and DPMU staff facilitated by PRADAN to share various livelihood and convergence models emerging in the field and to share results from the studies conducted by the RNGOs. PRADAN may be allowed to engage competent Facilitators to disseminate information on emerging technologies relevant to the programme area.	SPMU	Ongoing
Conduct exposure visits of SHG members to identified locations with interesting livelihood and convergence models for replication.	DPMUs	Ongoing
Arrange exposure visits to SPMU and DPMU staff to organizations with successful livelihood models.	SPMU	Ongoing

40. **Gender focus:** Gender focus is rated as Moderately Satisfactory (score=4). It is appreciable that under agriculture interventions women are recognised as farmers enabling them to access technology and tools. This, to some extent is able to break conventional perceptions about women as farmers. Women are aware of the anti-women practices (child marriage, equality of male and female children, violence and dowry) and have started taking steps to address these issues. Since majority efforts of containing negative gender biases were concentrated on women, there is very little space for men to participate. This is the right time to involve men to address strategic gender issues. Since programme was designed to adopt only women SHGs, it is obvious that interventions

focus on women beneficiaries. Gender policy does not specify women living in most vulnerable situations (such as old age, deserted, widow, HIV/AIDs affected, etc). Gender Specialist post has remained vacant and is expected to be filled shortly. Gender strategy paper specifies 30% reservation for appointment of women staff. Though 35% of the staff are women, majority of them are in the category of Community Mobilisers. Key positions at location/DPM/SPMU are occupied mainly by men.

41. **Effectiveness of Targeting.** The performance is rated as satisfactory (score=5). Tejaswini-MP intends to reach 180,000 women beneficiaries and expected 80% of them to be poor. The programme reached 92% (165,048) of intended target group. The composition of SHGs is 18% SC, 33% ST, 44% OBC and remaining are from other categories. SHG mobilization is based on a wealth ranking conducted at the time of programme initiation. Only the poor and poorest households have been the focus of SHG mobilization and therefore targeting has been quite effective.

42. **Poverty focus:** The programme's performance with regard to poverty focus is rated satisfactory (Score=5). Of the total target group that was reached, 56% belong to poor families with BPL cards. Majority of the non-BPL card holding members (i.e. 44%) were also identified as poor by PRA exercises. Efforts are ongoing to certify these members as BPL through Gram Sabhas. Though the programme has reached 92% of its target group, there are still poor families who were left out of SHGs. Considering eventual linkage of Tejaswini-MP with NRLM, survey of the left out families has to be completed in all locations to ensure their membership in SHGs. SHGs and their federations must be involved in seeking social security entitlements to most vulnerable groups (widows, physically handicapped, sick, old age etc). Securing land titles and other entitlements for landless, SC/ST and other poor should be given due consideration during convergence.

Agreed action	Responsibility	Agreed date
Focus on seeking social security entitlements and land titles to vulnerable households	DPMU	Ongoing

43. **Partnerships:** The programme's efforts to build partnerships is rated as Satisfactory (Score=5). There has been substantial improvement in building partnership with NRLM. This needs to be further strengthened. Districts and Location teams have been making considerable efforts to build partnerships with departments and private donors for convergence. These efforts need to be intensified. Priority must be given to strengthen partnership with bankers to provide direct bank linkages to SHGs. MVVN must make efforts to build partnerships with those donors with whom several FNGOs have developed interesting initiatives (e.g. vegetable cultivation, goat rearing, drinking water, legal literacy etc., with support from Sir Ratan Tata trust, Sir Dorabji Tata Trust, ARGHYAM and UN-WOMEN, etc.), to replicate the model across the programme.

Fiduciary Aspects

44. **Financial management.** The implementation performance of this component is rated as Moderately Unsatisfactory (Score =3). Financial management system related to release and settlement of advance continues to be an area of concern with advances not being promptly settled. INR 26 million was outstanding as on 31 March 2012. Of the advances outstanding some advances have been pending settlement for a long period. Further advances are given without settling the earlier one. Some advances are not settled even after a year of disbursement. Such a system is highly irregular and should be discontinued with immediate effect. The programme should have a policy of settlement of all claims for expenses within a fixed period of 120 days for SOE related expenditure released by SPMU and 90 days for programme advance provided by DPMUs. All FNGOs will have to be informed that beyond this cut off period claims will not be entertained.

45. Staffing is also an area of major concern. The SPMU does not have either the Finance Manager or the Asst Finance Manager. It manages with a Finance Assistant on deputation from a district office. Of the six, only one district has a finance officer and three districts do not have even a finance assistant. The Finance Manager and Officer positions are generally filled up by MVVN by posting staff on deputation from other government departments. These officers are from the Subordinate Accounts Services of GoMP. These officers are used to single entry accounting system and have limited knowledge of double entry and computerised accounting. It is therefore necessary firstly to fill up the vacant positions and also to build the capacity of finance staff. Considering the fact that the programme works with skeletal accounting staff, the completion of accounts and preparation of the unaudited statements is commendable.

46. One of the issues raised during the course of the mission is the inadequate flow of funds resulting in slow progress in implementation of programme activities. The mission noted that

sufficient funds were available with the SPMU; a fixed deposit of INR 50 was available million during the entire year 2011-12. The average savings bank balance lying with the SPMU was also INR 33.85 million. Inadequate flow of fund was due to lack of staff in the finance department of the SPMU and not paucity of funds. This issue needs to be resolved and the fund flow management should be streamlined with prompt release of funds and ensuring prompt settlement of advances. The books of accounts for the year 2012-13 have not been updated and entries were made only up to July 2012 at the SPMU. In one of the districts visited by the mission, manual accounts were done till July 2012 and data entry was not done in Tally since April 2012. This again was due to lack of finance staff at the district office.

47. DPMUs prepare monthly statements in prescribed formats and send it to the SPMU by the 10th of the succeeding month. The data received from DPMUs is then compiled in an excel sheet and clubbed with the expenses of the SPMU to arrive at the total quarterly expenditure by components and categories. The data so compiled is used for preparation of the WAs. The earlier missions had recommended use of software for accounting including use of standardised component, sub component and category codes. This has so far not been implemented. The accounting staff need training in the use of software. This will facilitate compilation of data at the SPMU and also preparation of reports. The budgets could also be fed into the software to enable comparison of actual with the budgeted figures.

48. The statutory legal compliance is another area of concern. The Auditors have qualified their report for non deduction of tax at source (TDS) as the relevant provisions of the Income tax Act, 1961 have not been complied with. Tax has not been deducted from the staff at the SPMU/DPMUs engaged for the programme. SPMU should deduct income tax for staff exceeding the income tax exemption limit and deduct contributions towards provident fund and professional tax. The contract between staff and MVVN will have to be amended to reflect tax obligations and other benefits. In respect of NGOs, tax is being deducted on the entire payment made to them. The programme should deduct tax only on the management fee paid to them and not on the reimbursements made to them towards salary and operating cost. The reimbursements should be supported with original bills/vouchers. The agreement with the NGOs should specifically spell out the nature of payments segregating between reimbursement and fee paid to them for their services.

49. **Disbursement.** The implementation performance of this component is rated as Moderately Unsatisfactory (Score =3). IFAD has disbursed a sum of USD 5.26 million (including the initial deposit of USD 1 million) which is about 40% of the total loan allocation of USD 13 million. All WAs up to September 2011 have been cleared by IFAD. WA for the period from Oct-Mar 2011 has been returned by IFAD due to discrepancies and was resubmitted on 1st September 2012. WA for the period from April to June 2012 has been recently submitted to IFAD. The total amount pending approval and disbursement for the period October 2011 to June 2012 amounts to INR 81.50 million.

50. **Counterpart funds.** The implementation performance of this component is rated as Moderately Satisfactory (Score =4). The GoMP is reported to have released a sum of INR 382.60 million to the Programme. Out of this, sum of INR 267.84 million has been spent towards programme expenditure till 31.3.2012. IFAD has reimbursed INR 240.81 million (including the initial advance of INR 40.56 million) and INR 63.98 million has been claimed and is being processed for disbursement for the period up to end March 2012. Though the Government has officially not contributed any amount towards its share, the amount received by the programme in excess of the amount reimbursed by IFAD could be considered as the government contribution to the programme which amounts to INR 74.45 million. MVVN, till 31.3.2012 has spent INR 3.4 million and also about INR 0.2 million towards reimbursement of taxes. This amount will have to be claimed through government budget for adjusting government accounts. Taxes levied on goods procured and services are being included in the WAs and claimed from IFAD. SPMU will have to compile taxes claimed so far from IFAD and adjust the same against subsequent WAs. The entire amount of taxes may be claimed from the Government.

51. As per the Programme Loan Agreement, IFAD will reimburse only 50% towards salaries and allowances and 45% for operation and maintenance during Programme Year 7. In addition, IFAD will not reimburse any cost towards salary and allowance and operation and maintenance during Programme year 8. This aspect needs to be incorporated into the AWPB of 2013-14 and 2014-15 and adequate resources will have to be obtained from GoMP to cover these costs.

52. **Compliance with loan covenants.** The implementation performance of this component is rated as Moderately Satisfactory (Score =4). The programme has generally complied with all the Loan Covenants. The programme has not complied with Section 4.02 in respect of submission of

half yearly progress reports. There has been delay in complying with Section 5.01 and 5.02 (a) in respect of submission of unaudited financial statements and appointment of auditors respectively. The provisions of Schedule 3 para 4 in respect of frequency of SPAC meetings and the Empowered Committee meetings has not been complied with. Further counterpart funds have not been claimed from GoMP which is required to be done in accordance with schedule 3A para 4.

53. **Procurement.** The implementation performance of this component is rated as Moderately Satisfactory (Score =4). The Programme has not undertaken any major procurement during the year under review. The mission test checked the procurements done and found them to be in order. The procurement was by direct contracting either through government agencies or through DGS&D rate contract method. In respect of local shopping at least three suppliers were obtained. The contract for vehicle hire at the SPMU was also done through competitive bidding.

54. **Audit.** The implementation performance of this component is rated as Moderately Satisfactory (Score =4). The audit for the year 2010-11 was submitted to IFAD on 14-09-2011 within the stipulated time of six months from the end of the fiscal year. The audit report for the year 2010-11 has generally complied with the IFAD Guidelines on Project Audit but the audited statements do not comply with PFS requirements which include: (i) yearly and cumulative statement of sources and application of funds, disclosing separately IFAD's funds, counterpart funds, other donor funds and beneficiary funds; (ii) yearly and cumulative SOEs by withdrawal application and category of expenditure; (iii) cumulative status of funds by category; and (iv) a statement of comparison between actual expenditure and budget estimates. The audit for the year 2011-12 has not commenced as appointment of the auditors has been substantially delayed. The audit is expected to commence on 17^{th} September and will be completed by the end of the month.

55. **Availability of funds:** The total project cost of the programme for MP was estimated at USD 37.2 million equivalent to INR 1,616 million at time of original programme design using the exchange rate of 1 USD=43.65 INR. Accordingly, IFAD sanctioned a loan of SDR 9.17 million and the GoMP was to provide counterpart funding of USD 1.24 million equivalent to INR 54.13 million. However, substantial variation has occurred in the exchange rate. The financial position as at the 31.3.2012 indicates that IFAD has released SDR 2,759,635 towards programme expenditure. This excludes SDR 646,053 released as initial advance. IFAD is yet to release INR 63.97 million towards expenditure made up to 31.3.2012 which is equivalent to approx SDR 765,258. In total, the programme expenditure as at 31.3.2012 will be SDR 3,524,893. This indicates that the programme will be left with SDR 5,645,060 equivalent to INR 471 million from IFAD alone for implementation during the remaining three years. In addition, there is a possibility of using INR 10.00 million from interest earned and GoMP will have to contribute towards salaries and operation and maintenance. Hence, it is possible to allocate INR 100 million for programme expenditure very year for next three years and INR 18 million for drudgery reduction. INR 60 million for livelihood proposals and INR 100 million for providing seed capital to SHGs.

56. On account of devaluation of Indian Rupee against SDR, government contribution is expected to increase to INR 70.00 million as against the projection of INR 54.1 million at the time of appraisal. It becomes necessary to get government approval for increasing government contribution for this programme.

Agreed action	Responsibility	Agreed date
Inform all FNGOs and DPMUs to settle advances within the prescribed time limit of 120 days for SOE advance provided by SPMU and 90 days for programme advance provided by DPMUs and forfeiture of right to claim reimbursement after expiry of the deadline unless special permission is taken from MVVN.	SPMU	31 Dec 12
Include training of all finance staff in financial management and also in computerised accounting (Tally) using the Chartered Accountant engaged for auditing MVVN.	SPMU	31 Dec 12
Ensure legal compliance by ensuring deduction of Income tax, professional tax and provident fund as detailed in para 48.	SPMU	31 Oct 12
Compile a list indicating the amount claimed from IFAD towards taxes and duties and send the same to IFAD-ICO for verification as to whether the same has been reimbursed or not. If reimbursed the same to be adjusted in the next withdrawal application.	SPMU	31 Oct 12
Ensure separation of taxes and duties and do not claim the same under future WAs	SPMU	Immediate
Claim counterpart funds from the Govt. Refer para 50 and 51.	SPMU	31 Oct 12
Obtain government approval for increasing government contribution to INR 7.0 million from INR 5.41 Million.	SPMU	31 Mar 13
Incorporate the changes in total project outlay, IFAD contribution and Govt contribution in INR due to devaluation of INR against SDR into the provisions made in the Directorate of Institutional Finance. Refer para 55 and 56.	SPMU	31 Mar 13

Sustainability

57. **Institutional Sustainability.** This is rated as Moderately Unsatisfactory (Score=3). SHGs and VLCs are capable of carrying out their basic functions fairly independently. It is required to further build their capacities to stabilise institutional managements systems, especially financial aspects and livelihoods intensification, to build on and sustain the empowerment process. VLCs currently have a fair understanding of their vision which need to be made more specific and in written form for systematic follow-up. It is important to identify those services that are essential for the target group and that need to be provided by the federations. This will help to develop financial feasibility for each federation at the initial stage itself to help them to move towards sustainability. Federation model to be developed by the programme should always be member focussed which should influence NRLM model.

58. **Economic and financial sustainability:** This is rated as Moderately Unsatisfactory (Score=3). Economic and financial sustainability is not obvious at the moment as the target group has difficulty to access adequate bank loans for their livelihoods. The levels of savings and internal lending are inadequate to address livelihoods financing, however, the trends show improvement compared to previous years. Large scale convergence for livelihood activities is commendable, but requires that the capacity of SHGs and their federations need to be built to sustain these efforts. up.

59. **Social sustainability (empowerment):** This is rated as Moderately Satisfactory (score 4). There has been substantial progress in women's participation, especially in the public sphere. Their participation in governance as elected representatives and as citizens in Gram Sabhas has shown substantial improvement. Greater participation of men in challenging negative gender norms would support social justice. To sustain this effort beyond the programme, two concerns need to be addressed: (i) how would SHGs and their federations independently continue to support empowerment processes; and (ii) how the social aspects can be built into NRLM which has livelihood focus with which Tejaswini-MP will eventually integrate.

60. **Environmental sustainability:** This is rated as Moderately Satisfactory (score 4). The programme promotes environmental friendly technologies and practices like solar lighting, system of Rice Intensification, ecological farming practices and soil and water conservation and locally managed water filtration technologies. Environmental sustainability should be a consideration in assessing livelihoods proposals using a simple checklist so ensure that the proposed activities do not adversely affect the environment. A check list for the same will be provided as a part of the sanction letter for livelihood proposals.

61. **Exit strategy:** The programme's ability to develop and implement an exit strategy is rated as Moderately Unsatisfactory (score = 3). The programme has initiated a belated but positive steps towards integrating with NRLM which offers an opportunity to consolidate the gains of the programme and to take it forward. It needs to prepare a paper for exit after intensive discussion with NGOs and SHG federations. Capacity of the SHGs and their apex bodies will be built under Tejaswini-MP to ensure smooth transition into NRLM fold. The SHG members will be able to function as Community Resource Persons not only to mobilize SHGs under NRLM but also to train the new NRLM groups on empowerment and social equity issues.

Impact

62. **Physical and financial assets:** Impact of the programme on physical and financial assets is rated as Moderately Unsatisfactory (Score = 3). Various livelihood and convergence efforts have helped the target group to build assets like livestock, farm ponds and equipment; poultry shed small scale machinery related to off-farm production activities. More than 1,771 farmers have got large open wells; each costing INR 0.2 million from the Agriculture Department. A few women in SHGs have bought agriculture land and house sites. A marginal increase in cash asset and access to capital through bank linkages enabled women to invest in production activities. A study carried out by PRADAN confirms that a minimum INR 50,000 is needed per family for investments. The average loan size in the programme is INR 1,164, which reflects that the size of common fund is small. In case of SHGs with sizable bank financing, members are retiring high cost loans of money lenders.

63. **Food security:** Impact of the programme on food security is rated as Moderately Satisfactory (Score=4). As per AOS, 79% of the respondents claim increase in food security which was 33% during previous year. Similarly 63% of the respondents claim increase in crop production. However, where ever SRI has been introduced, there is 40-100% increase in production of rice.

Convergence efforts of the programme with several departments have helped the target group to invest in various farm and non farm production activities - which ensures food security. Production and consumption of vegetable has increased because of kitchen garden and extension services.

64. **Increase in incomes:** Impact of the programme on income is rated as Moderately Unsatisfactory (Score=3). 76% of respondents have reported increased incomes in the AOS (up from 49% last year). Some of the activities taken up include livestock, vegetable production and increased cropping intensity. This is however not reflected in significant increase in SHG savings. SHG members in the southern districts were particularly vocal about high level of alcoholism in their families which is a drain on their finances.

65. **Policy Impact:** Impact of the programme on policy is rated as Moderately Unsatisfactory (Score=3). Programme has taken initiative to influence NRLM to link with Tejaswini-MP. NRLM agreed to exclude Tejaswini-MP Locations to avoid duplications and also converge with SHGs and federations promoted under Tejaswini-MP. Similarly, under DPIP only men's joint liability groups used to be formed; after exposure to Tejaswini-MP, DPIP is now promoting women's SHGs.

Conclusion

66. The programme has made substantial progress in terms of SHG capacity building and empowerment related activities. Efforts are afoot to review and approve livelihood plans submitted by Partner NGOs. Substantial work has been implemented at the field level in terms of SHG formation, instituting savings and credit systems, empowerment and drudgery reduction. The DPMUs and the FNGOs have sourced funds through convergence to assist the households mobilised under the programme. The programme has been successful in forging a relationship with NRLM by agreeing on the need to avoid duplication in terms area demarcation for Tejaswini-MP and NRLM and dovetailing with NRLM processes so that Tejaswini-MP SHGs and federations receive support from NRLM.

67. Programme management issues related to frequent transfer of top management officers, absence of professional staff at SPMU during most part of last one year and vacant positions in the finance department in five out of six districts have impeded programme implementation. This has resulted in delays in implementing recommendations related to livelihood proposal development and implementation, formation and strengthening of apex structures of SHGs and facilitation for audit of SHG accounts and bank linkage. MVVN has issued orders selecting Gender Manager, Community Institution and Microfinance Manager, Manager-MIS, Livelihoods Manager, District Programme Manager of Dindori and Additional District Programme Manager for Chhatarapur. The District Programme Manager has joined and others are yet to join. GoMP is yet to appoint a Deputy Programme Director as proposed by the Empowered Committee. On the financial management front, required staff compliment needs to be engaged and their capacity needs to be built and the system of providing advance and its settlement needs to be streamlined.

68. The most important steps to be initiated for strengthening field level activities include: (i) strengthening SHGs through introducing auditing and grading, computerising SHG accounts, increasing savings, enhancing SHG-bank linkage and providing seed capital; (ii) expediting capacity building activities related federation formation and preparing a business plan for each federation so that members understand the revenue and expenditure and member contribution requirement to manage a federation; and (iii) approving livelihood plans submitted by the FNGOs and supervising its implementation and seeking additional proposals from FNGOs.

Appendices and Annexes

Appendix 1	Summary of project status and ratings
Appendix 2	Progress against previous mission recommendations
Appendix 3	Financial: Actual financial performance by financier; Disbursements by category and by component
Appendix 4	Compliance with financing agreement covenants: Status of implementation
Appendix 5	Physical progress measured against AWP&B and appraisal targets
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Annex I	Technical Report - Community Institution Building and Microfinance
Annex II	Technical Report – Empowerment and drudgery reduction
Annex III	Draft template for appraising livelihood proposals
Annex IV	Draft sanction letter for sanctioning livelihood proposals
Annex V	Technical Report – Fiduciary