

**GOVERNMENT OF INDIA  
MINISTRY OF DEVELOPMENT OF NORTH EASTERN  
REGION  
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**PRELIMINARY  
PROJECT  
REPORT**

**NORTH EASTERN REGION  
LIVELIHOODS PROJECT**

**Government of India**  
**Ministry of Development of North Eastern Region**

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**Preliminary Project Report for the proposed**  
**North Eastern Region Livelihood Project**

**INTRODUCTION**

The Ministry of Development of North Eastern Region was set-up as a Department of the Govt. of India in 2001 with the primary mandate to catalyse development of the relatively backward North East Region (NER) comprising the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura. The Deptt. was upgraded to a separate Ministry in 2004.

The NER, with its predominantly tribal population of small-scale subsistence, slash-and-burn farmers and a history of inter-ethnic problems continues to experience a higher incidence and severity of poverty. It has been estimated that the per capita income of the NER is much below the national average, i.e., around 70% of the all income in the NER is much below the national average, i.e., around 70% of the all India figure. Though the urban poverty ratio in the region has fallen from 36.92% in 1973 to 7.4% in 1999-2000, the rural poverty ratios continue to be higher than the national average at 40.40%. The population below the poverty line in 2000-01 was 35.13% against the national average of 26.1%. This region also represents

one of the highest rates of unemployment in the country with an unemployment rate close to 12% against a national average of 7.7%.

The NER continues to suffer from disadvantages in terms of geographical isolation, transport bottlenecks, small market size and low investments. Rail, road and air connectivity remains inadequate. Hence, despite inherent economic potential, past development initiatives have often resulted in limited benefits. Positive change on a substantive scale could not be achieved for a complex set of reasons. One of the root causes has been the prescriptive approach that was followed which generally ignored the socio-cultural complexity of indigenous and their interrelations.

In 1999, at the initiative of the DEA, the International Fund for Agricultural Development (IFAD) conceived the North Eastern Region Community Resource Management Project for Upland Areas (NERCRMP). The Project was funded by the IFAD and Govt. of India through the North Eastern Council (NEC). The basic thrust of this pilot project was to demonstrate a new approach to development by adopting a genuine partnership approach with all relevant stakeholders under which interventions are truly demand-driven and client-oriented; in line with indigenous knowledge and capabilities of the people; and implemented with clear transparency and accountability. The NERCRMP has been under implementation for six years in 862 villages in six districts (two each in the states of Manipur, Meghalaya and Assam). Results of a recently conducted UNOPS interim evaluation indicate that NERCRMP has been a notably successful development intervention, despite the very difficult environment in which it is being implemented, and has resulted in a marked positive

change in the socio-economic condition of both the direct and indirect beneficiaries.

The success story of this pilot project comes at a time when the Central Government is reinforcing efforts under the **Look East Policy** to provide economic opportunities to the numerous families still living under the poverty line. The IFAD has already agreed to fund a similar Livelihoods Project in the other districts of Meghalaya State but has not responded favourably to upscale and extend the NERCRMP to other NE States. In this context, and also in view of its experience with livelihoods projects in areas inhabited, inter-alia, by indigenous communities in India and elsewhere, collaboration with the World Bank is proposed for the proposed North Eastern Region Livelihoods Project.

#### **LESSONS LEARNT FROM NERCRMP :**

During field visits and review of the NERCRMP, it was observed that while overall benefits from the project are impressive, there are two aspects which were either weak or were missing altogether. These are (i) credit linkages to financial institutions and (ii) the institutionalized arrangements for processing and marketing of the product. The NERCRMP's achievements could possibly have been considerably higher had financial institutions like NEDFi, NABARD, SIDBI and the Banks been associated as partner institutions. Similarly, it has been observed that while the Project resulted in enhancing both production and productivity through capacity building and induction of newer technology, techniques and improved varieties of seeds, there was no institutional arrangement for either processing or marketing of the enhanced produce. This has perhaps limited the benefits to the beneficiaries who continue to primarily depend upon the

traditional traders for marketing their produce. The Self Help Groups (SHGs) which were federated and Associations of Natural Resource Management Groups (NaRMGs) could have set-up small viable processing units at select Focal Points with funding from partner Financial Institutions. Further, the produce, whether raw or processed, could also have been marketed through institutions like the NERAMAC, NEHHDC and even private players. These need to be included in the proposed project.

### **DEVELOPMENT OBJECTIVE :**

Upscaling the expanding the NERCRMP with the objective to improve livelihoods of vulnerable groups in a sustainable manner through participatory sustainable and viable community structures prevalent among the indigenous communities of the NER and through promotion of income-generating opportunities, association of financial institutions like NEDFi, NABARD, SIDBI and the Banks, strengthening of linkages with Govt. Line Deptts., improved management of the natural resource base for preservation of the rich bio-diversity, setting-up small sustainable food processing units at select focal points and institutionalized marketing arrangements through agencies like the NERAMAC, NEHHDC and through Public-Private-Partnerships (PPPs).

Supporting the objective, the project would aim for :

- (i) enhancing the participation and capabilities of the local people;
- (ii) promoting interventions that are demand-driven;
- (iii) increasing household income from farm and non-farm sources;
- (iv) creating and fostering environmental awareness and knowledge;

- (v) establishing effective systems for inputs delivery and asset creation and maintenance;
- (vi) increasing participation of women in local institutions and community decision-making; and
- (vii) enhancing saving capacity and promoting thrift.
- (viii) Capacity building through partner NGOs and Govt. Depts./Agencies.
- (ix) Strengthening linkages and encouraging involvement of Govt. Line Depts.
- (x) Institutionalized linkage with financial institutions like NEDFi, NABARD and the Banks for meeting the credit needs of the beneficiaries.
- (xi) Setting up of small, viable and sustainable processing units at select focal points for value addition to the enhanced produce of the beneficiaries.
- (xii) Institutionalized marketing arrangements through organizations like NERAMAC, NEHHDC and under PPP mode.

### **PROPOSED PROJECT DESIGN :**

Project activities are proposed to be grouped into the following components :

- (a) ***Promoting Empowerment through Local Capacity Building*** for participatory development and the implementation of sustainable rural development activities. The focus would be to utilize the traditional social structures and social capital inherent in the indigenous communities to put in place mechanisms for community-level decision-making and strengthening community capability for management of local natural resources for its own

development. Specific activities would be to establish viable, equitable and sustainable village institutions and to develop district and downstream NGO and associated agency capacity.

(b) ***Increasing Household Revenues through Economic Livelihood Activities*** aimed at :

- (i) diversification of production systems, targeting particularly those food crops with strong yield and surplus sales potential and those cash crops where both the fresh produce and processing markets are likely to be remunerative; and
- (ii) non-farm business promotion, including the commercialization of traditional handloom and handicrafts, bamboo and cane products and other essential services such as shops, farms product processing and transport facilitation, as well as technical assistance for product development and improvement of manufacturing processes.

(c) ***Improving Community-based Natural Resources Management*** by:

- (i) increasing awareness of the need to conserve water and other natural resources and biodiversity;
- (ii) introducing more remunerative alternatives to slash-and-burn practices;
- (iii) providing irrigation infrastructure to terrace fields and thus facilitate intensification of production and
- (iv) managing critical watershed forests in a more sustainable manner.

- (d) ***Providing Critical Community Infrastructure*** by improving physical communication in rural areas and the infrastructure needed to facilitate trade, including :
  - (i) Upgrading and maintaining critical rural roads to connect production centers to the markets – to reduce post harvest production losses by shortening transport time and reducing physical losses; and
  - (ii) Constructing and/or rehabilitating well designed strategically placed market yards to facilitate trade and reduce transaction costs.
- (e) ***Providing embedded credit linkages through*** to credible financial institutions like NEDFi, NABARD, SIDBI and the Banks operating in the NER to:
  - (i) multiply funding and to introduce the beneficiaries to modern financing methodologies;
  - (ii) simplify and assist the beneficiaries to gain from adequate funding of their income generating activities.
- (f) ***Setting-up small viable and sustainable food processing units*** for value addition in association with :
  - (i) the SHG Federations and NaRMG Associations;
  - (ii) PPP arrangements.
- (g) ***Establish institutionalized marketing linkages*** for maximizing returns to the beneficiaries through credible organizations like:
  - (i) NERAMAC and NEHHDC;
  - (ii) PPP arrangements.

## **PROJECT IMPLEMENTATION ARRANGEMENTS AND SCOPE :**

The project is proposed to be implemented in phases through a separate society on the pattern of the North Eastern Region Community Resource Management Society, which was set up for implementation of the IFAD assisted North Eastern Region Community Resource Management Project. The project would cover :

- (i) Select villages in three districts each in Nagaland, Mizoram and Manipur in Phase-I.
- (ii) The Tripura Tribal Areas Autonomous District Council in Tripura and three districts each in Arunachal Pradesh and Sikkim in Phase-II.
- (iii) Three districts each in Assam and additional three districts in Nagaland and Mizoram in Phase-III.
- (iv) Extension of the project to the balance districts in all NE States in Phase-IV.

## **PROJECT RESTRICTIONS :**

Recognising that the State Govt. of Meghalaya has already launched a Livelihoods Project with assistance from the IFAD in the balance five districts of the State (two districts were covered under the IFAD assisted NERCRMP), the intervention in Meghalaya under the proposed NERLP shall focus on strengthening credit linkages and establishing processing units and institutionalized marketing mechanism for the processed products. This is being proposed so that the beneficiaries get better value for their products. As stated earlier small viable and sustainable processing units are necessary for value addition. These processing units would be set up preferably in association with the SHG Federation and NaRMG Associations. Private

Sector participation through PPP arrangements would be encouraged. The arrangements for institutionalized credit linkages, processing and marketing of products will be an integral part of the project proposed to be implemented in all districts of the North Eastern States.

**PROJECT IMPLEMENTATION STRATEGY :**

There are 86 districts in the eight North Eastern States. The IFAD is already assisting the Govt. of Meghalaya in implementing a Livelihoods Project in five out of the seven districts of Meghalaya and the balance two districts in Meghalaya have already been covered under the IFAD assisted NERCRMP, the proposed project will target select villages and beneficiaries in the remaining 79 districts in the seven North Eastern States. The project is only proposed to partially cover two districts (West Khasi Hills and West Garo Hills) in Meghalaya for the specific purpose of providing credit linkages and establishing processing units as also marketing of the processed products. The investment under the IFAD assisted NERCRMP per district was Rs.27 crores approximately. This is proposed to be enhanced to Rs.30 crores per district under the proposed project. Hence, the total financial implication for implementation of the proposed project in 79 districts is expected to be Rs.2370 crores approximately. The project will be implemented over a period of six years and in phases as indicated above for its effective and efficient implementation.

The project will have a special component on gainful utilization of the vast bamboo and cane resources available in the North Eastern States. It has been estimated that the NE Region produces 65% of the bamboo grown all over the country. The NEC has taken the initiative, in coordination with the Cane and Bamboo Technology Centre, Guwahati, to implement the NER

Bamboo Mission. Tribal communities are permitted access to Non-Timber Forest Products (NTFP) from the forest areas. In any case, in most tribal inhabited areas, the land and its natural resources including forests and water, are owned by the tribal communities. Under the proposed project, the vast natural resources, particularly bamboo and cane, are proposed to be utilized for improving livelihoods through introduction of improved technologies for processing of bamboo and cane and marketing of the produce through institutionalized commercial channels.

### **MONITORING AND EVALUATION :**

The project is proposed to be monitored closely and systematically by the NEC, DoNER and the Funding Agency. Annual evaluations will be carried out on the basis of a carefully crafted evaluation matrix which shall examine in detail how the project has affected major facets of households, families and the well being of project participants. The key criteria for evaluation of the project performance would be relevance of the project objectives, components and activities to district and target group development needs; effectiveness in achieving project objectives in securing inputs, delivering outputs/outcomes and assuring impact on institutions and beneficiaries; efficiency of the use of resources and funds in operations during implementation and sustainability in terms of participants for the continuation of benefits in the long run. The performance of project partners will also be assessed.

### **PREPARATION PROCESS :**

The specific scope of the project, including the final financing pattern would be defined during the project preparation process, taking into account interests expressed by the various NE States, available institutional capacity and the assessed forte of each district and selected village.

To explore financing from the World Bank for the proposed project, DEA is requested to take appropriate measures so that the already gained experience/expertise under the IFAD assisted NERCRMP can be upscaled, replicated and lessons learnt gainfully utilized giving the benefits to the most vulnerable people in a sustainable manner. In brief, the vast natural resources at the command of the communities are proposed to be gainfully utilized for improving their livelihoods.

### **IMPLEMENTING AGENCY :**

The Executing Agency is proposed to be DoNER/NEC and implementation will be carried out through a Society to be registered on the lines of the North Eastern Region Community Resource Management Society, which is implementing the IFAD assisted North Eastern Region Community Resource Management Project.

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