

Guidelines for Sustainability Fund and its Management

COMPONENT 3

Research on Sustainable Rural Livelihood Security



Project Implementation Unit
National Agricultural Innovation Project
(Indian Council of Agricultural Research)
Krishi Anusandhan Bhawan-II, Pusa
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FOREWORD

An integrated, multidimensional and holistic approach to poverty eradication efforts is crucial to preserve and enhance the livelihoods of the poor. Notwithstanding increased availability of milk, fruits, vegetables, fish and other produce, the agricultural sector is facing the new challenges of diminishing land resources, factor productivity decline, threatened loss of bio-diversity, natural resource degradation, widening economic inequality, etc., that have serious implications on the livelihoods of the poor.

Problem of livelihood is more complex in backward districts of the country. While livelihood security of the country as a whole needs to be addressed, a greater emphasis is required on sustainable livelihood improvement of rural people of these backward districts in general and tribal people in particular. Government of India and State departments have initiated several programmes to provide sustainable rural livelihood security. One of the key concerns of such programmes has been post-project continuity of activities initiated during project implementation phase. The farming community is poor and probably needs to be supported for longer durations than that is envisaged under these programmes.

In an effort to develop a sustainable model for livelihood improvement of poor farming community of these areas, Indian Council of Agricultural Research, New Delhi is implementing National Agricultural Innovation Project (NAIP), jointly funded by The World Bank and Government of India. One of the key innovations of Component 3 (Research on Sustainable Rural Livelihood Security) of NAIP is the concept of post project sustainability of the developed model through creation of sustainability fund. The fund is created through contribution by the beneficiary farmers' for the goods and services delivered to them under the project. This money is of the farmers, will be with them (in bank) during the project period, for use by them (beyond the project period) and also its use to be decided by them. It also creates a sense of ownership among the beneficiary farmers. This innovative process may go a long way in implementation of rural based programmes.



Guidelines for Sustainability Fund and its Management

In an effort to streamline creation of sustainability fund and its management beyond the project period, the “Guidelines of Sustainability Fund and its Management” has been prepared to facilitate creation and management of this fund, Sri Sanchal Bilgrami, Director (Finance) and Dr A P Srivastava, National Coordinator, NAIP deserve special appreciation in preparation of the Guidelines.

Dated: the 4th May, 2013

New Delhi

S. Ayyappan

PREFACE

A section of our rural people remained largely bypassed from the impact of green revolution and modern agricultural practices. A large proportion of these people live in less favoured, marginal or more complex environment. These backward districts are characterized by inclement weather, poor infrastructure and socio economic backwardness. Many promising technologies and research findings have not reached these farmers, due to either inadequacies in research designs or research results, deficiencies of delivery systems or lack of economic incentives. One of the key concern is to ensure sustainability of the activities beyond the project period when the project funds, both for input and manpower support, are not available. One of the key innovation to address this concern is the concept of post project sustainability of the developed model through creation of sustainability fund under component-3 (Research on sustainable livelihood security) of National Agricultural Innovation Project (NAIP), jointly funded by The World Bank and Government of India and implemented by Indian Council of Agricultural research, New Delhi. Overall, it is a process being developed and evaluated to be dovetailed for rural based programmes.

To facilitate implementation of sustainability fund “ Guidelines for sustainability fund and its management” has been prepared under the overall guidance of Research Programme Committee (RPC) and Project Management Committee (PMC) of NAIP, ICAR, New Delhi.

We, acknowledge with sincere thanks the continuous guidance and encouragement provided by Dr. S. Ayyappan, Secretary DARE and DG, ICAR. Our sincere thanks are due to Shri P.K Pujari, Additional Secretary, DARE and FA, ICAR, Dr Arvind Kumar, Deputy Director General (Education) and Dr S.L. Mehta, Chairman, RPC in leading by example on the formulation of the guidelines for management of sustainability fund. Dr P. S. Sidhu and The World Bank team deserve special appreciation for the support and guidance for the same.

We gratefully acknowledge the consistent guidance and support provided by Dr D. Rama Rao, National Director, NAIP, Dr Mruthunjaya and Dr Bangali Baboo former National Directors and Ms Bharati Zade, former Director Finance, NAIP.

My sincere thanks are due to all the Consortium Leaders, Chairmen CAC, Consortium Principal Investigators, CCPIs for whole heartedly working in these backward regions and providing input for this publication. Dr Manisha Ashar, Dr Anuj Kumar and Ms Sunaina deserve due acknowledgement for the help in preparation of the publication.

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Director (Finance)

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1.0 Preamble

National Agricultural Innovation Project (NAIP) is a World Bank and Government of India supported project being implemented by Indian Council of Agricultural Research. The overall objective of the NAIP is to facilitate an accelerated and sustainable transformation of the Indian agriculture to support poverty alleviation and income generation through collaborative development and application of agricultural innovations by the public organizations in partnership with farmers groups, the private sector and other stakeholders. Accordingly, NAIP was envisaged with four components of which component 3 deals with sustainable rural livelihood security.

The main objective of the sub projects under component-3 (Research on sustainable livelihood security) is to develop a sustainable model to improve the livelihood security of rural people living in selected disadvantaged regions through technology led innovation system. One of the key innovation is the concept of post project sustainability of the developed model through creation of sustainability fund.

Lessons learnt from implementation of NATP also indicated overriding priority for innovation to have sustainability of the project activities. Innovative idea emerged for creation of sustainability fund which should ensure project activity continuation beyond project period.

It is imperative that lead centre and consortia partners have the responsibility to provide continued support to contributory farmers and committees, beyond the project period. It is feasible as the area or region would continue to be in their jurisdiction. Head of organization of the lead centre/ CPI will have oversight control (and no account management) to monitor the subprojects having Sustainability Fund of more than Rs. 25 lakh. They will provide advisory services for proper utilization of this fund during post project period and will also provide feed back to the Council. Based on the evaluation of concept of sustainability fund, a policy decision may be framed by Council or Government of India for future.

2.0 Creation of Sustainability Fund

Sustainability fund is beneficiary farmers' contribution for the goods and services delivered to them individually under the project. It is envisaged that the fund will facilitate in carrying forward the livelihood based interventions after withdrawal of the project. This is an innovative approach of the component, particularly keeping in view the poor paying capacity of the partners in progress. This money is of the farmers, will be with them (in bank) during the project period, for use by them (beyond the project period) and also its use to be decided by them. The lead centre and consortium partners will continue to monitor the fund utilization, assess its impact, provide technical guidance and help the farmers/ committees in decision making.

During post project period, proper use of sustainability fund is key to the success of livelihood improvement of target groups. Therefore, its use must be carefully decided in consultation with the lead centre and consortium partners who are expected to provide the technical guidance.

Under this programme it is considered essential that for sustainable livelihood beneficiaries must own the interventions. To create sense of ownership one of the ways is that no technology is given free to farmers. It develops a sense of partnership and responsibility in adopting the technologies. The amount contributed by farmers may become substantial during the project period. The fund also ensures post project technology back up. Since farmers pay for technology they seek and adopt only those technologies which benefit them more.

3.0 Village level and Cluster Committee

To ensure participation of farmers, two tier system is being followed , through formation of

1. Village level committee
2. Cluster level committee

The NAIP PIU has already issued guidelines on the mode of the formation of cluster level committee and all 33 sub projects are already having these committees with defined infrastructure. The composition of these committees are as follows:

3.1 Village Level Committee

The Village level committee would comprise of:

1. Progressive farmer-Chairman
2. Farmers (Men-2, Women-2)
3. Village level worker - 1
4. Scientist/ project personnel of the concerned cluster
5. Sarpanch / Ward Panch of the concerned village

All the inputs will be provided in the presence of members of Village Level Committee comprising village worker, Scientist of the concerned cluster and the Sarpanch and Ward Panchas of the village.

The village level committee will meet once in a fortnight and review the progress and interventions provided to each household in the village. These members will also be present at the time of input distribution. The Chairperson of the Village Level Committee is elected by members and the term for the Chairperson will be for one year.



These village level committees should comprise of representatives from SHGs , project personnel and other stakeholders. This committee will nominate members in cluster level committees.

3.2 Cluster Level Committees

Cluster Level Committee shall comprise of:

1. Progressive Farmer - Chairman
2. Farmers (Man -1, Woman-1) from each village of the cluster
3. Nominee of Development Department to be nominated by Joint Director (Agriculture)
4. Lead Bank representative in each cluster
5. Three persons from Consortia Partner of which one would be designated Member Secretary

The committee shall meet once in a quarter. The Cluster Level Committee in its first meeting shall choose the Chairperson of the Cluster Committee from among the farmer members of the cluster committee. The farmers selected on Cluster Level Committee are progressive farmers and one from the horticulture and another from livestock sector. In case any member is found indulging in activities against the interest of the cluster for development, he could be removed by the permission of the Consortium Leader.

At the end of project period the fund will be placed at the disposal of fund management committees (FMC), as the cluster management committee would cease to exist.

In case of consortia where the fund generated is too small (i.e. less than Rs 25 lakhs), CAC may decide refund of the money to the contributory farmers (along with interest accrued in proportion to their contribution). A compliance report of the same should be submitted to PIU, NAIP.

4.0 Location of the Fund

For sustainability fund, bank accounts will be opened for every cluster separately and the contributions to the sustainability fund by the farmers are deposited in sustainability account of each cluster. This account will be operated by 3 persons jointly viz Chairperson of the cluster committee, a member of cluster committee, a representative of one of the consortium partners or a nominee of consortia leader. This amount collected and interest thereof shall be utilized only after the termination of the project. This arrangement will continue till the termination of the subproject.

5.0 Structure and Constitution of Fund Management Committee (FMC)

At the time of closure of the subproject, Fund Management Committee (FMC) Fund Management Committee (FMC) would be constituted and the funds generated thereafter would be placed at the disposal of this committee as the cluster management committee would cease to exist. Sustainability Fund management Committee is to be constituted, for each subproject.

The structure of the Fund management Committee would be like self help groups where the group manages the funds by consensus. Adequate sensitization of this process

among the beneficiary farmers would be made by the consortia before the end of the project. Consortium partners in general and from ICAR Institutions, State Agricultural Universities in particular will be providing technical support as well as assess the impact of this fund on sustainability of livelihood of participatory farmers during post project period. Institutional support would be used for it. It is expected that the fund would last for 3-5 years. An illustrative diagram of fund management is given in Fig 1.



Fig. 1. Illustrative diagram of fund management

5.1 Fund Management Committee

The fund management committee should comprise of 5-8 members from among the contributory farmers. It should have :

1. Chairman
2. Members (3 to 5)
3. Treasurer
4. Secretary

The Chairman, members, Secretary and treasurer of fund management committee will be decided by the contributory farmers themselves. The signatories for the withdrawal of funds would be decided by the Sustainability Fund Management Committee. One of the signatories should be member of fund management committee. CPI/CCPI would facilitate formation of the Fund Management Committee at the time of closure of the subproject. This committee may be registered with appropriate local authorities.



Sustainability Fund management Committee would ensure judicious use of the fund. FMC will be solely responsible for maintenance of account and audit of financial records during post project period.

6.0 Terms of reference of the Fund Management Committee (FMC)

The Fund Management Committee (FMC) shall

1. Allocate and provide the funds for different activities
2. Monitor the scheme on quarterly basis
3. Call the meeting any time in case of emergency
4. Consider and take appropriate action in any other matter concerning the operation of Sustainability Fund Scheme

7.0 Operational Mode of the Sustainability Fund Scheme

The Chairman of the Cluster level committee/ Village level committee will submit the village wise requirement of Sustainability Fund to Fund Management Committee. The committee will discuss and authorize release of funds to the signatories of the account, who shall be maintaining Cash Book, Cheque Book, Balance Sheet etc. Funds accumulated including interest earned upto 30th June 2014 (or the termination of the project whichever is earlier), of a financial year will be divided into 3-5 equal parts (as the case may be), for sustaining the activities of each year beyond project period.

- 7.1. Fund of the first part will be spent upto 31st March of the next year as per the guidelines given in section 8 of the guidelines
- 7.2 Next proportion of fund plus interest earned in the next year will be spent in the subsequent years
- 7.3 The expenditure shall be incurred only for the overall benefit of the contributory farmers
- 7.4 Withdrawal of Funds: Funds will be withdrawn quarterly or more frequently if needed, jointly by all the signatories to the bank. The funds would be withdrawn only after the termination of the subproject

8.0 Fund Utilization

SF will be used in the cluster wise programme for maintaining the sustainability of economic return in innovative and inclusive mode. The benefit will be shared among the contributory farmers during the programme period and also linkage with the project personnel will continue in the form of advisory services, training and extension programme. The contributory farmers will abide by signing an undertaking with consortia leader

under whom they have worked during the project period. This mechanism will ensure post programme interest of the farmer and encourage those who still want to join in SF programme management scheme.

The Sustainability Fund amount would be used inter alia for following activities:

- 8.1 For demonstration of the new farm technologies, technological backstopping and innovations
- 8.2 For promoting knowledge empowerment of the farm community
- 8.3 For giving transport support to group of farmers from clusters for exposure visits
- 8.4 For promotion of value added agriculture, post harvest technologies and agro processing
- 8.5 Market support for horticulture crops, animal products, etc.

A tentative guideline of percent wise utilization of funds is given below. However, these are subject to minor modification by fund management committee.

Sl. No.	Activities	Percent
1.	Activities pertaining to crop, livestock and other income generating activities	70
2.	HRD (Trainings of contributory farmers, etc.)	10
3.	Revolving fund in assured income generating programmes	10
4.	Travel expenses	5
5.	Institutional Charges for organizing SF meetings, record keeping etc.	5

Note: These suggestions are tentative guidelines subject to the approval, modification and changes. The decision may be taken in cluster wise committee meetings.

The amount will only be spent on the cluster villages who have contributed to the fund and in no case transfer of fund should be allowed for any other activity or the area.



