

DEVELOPMENT INITIATIVES FUND (DIF)
Guideline for implementation

Background

The Development Initiatives Fund (DIF) as a component under OTELP has been envisaged to provide a flexibility to mobilize additional funds to the areas of demand as expressed by the communities through the participatory planning process and to those components where good results have been achieved. The component would also permit the implementation of other relevant activities, which may become feasible and attractive in the course of Programme Implementation¹.

OTELP other than DIF contains the following Components and Sub Components to implement development interventions.

- a. Capacity Building for Empowerment
 - Community Empowerment & Management
 - Beneficiary Skill Upgradation
 - Capacity Building of Support Agencies
- b. Livelihood Enhancement
 - Land & Water Management
 - Participatory Forest Management
 - Production System Enhancement
 - i. Agriculture & Horticulture Development
 - ii. Livestock & Aquaculture Production
 - iii. Rural Financial Services
 - iv. Community Infrastructure Fund
- c. Support for Policy Initiatives
- d. Programme Management
- e. Food Handling

As defined in the Programme Appraisal Report and Programme Loan Agreement, the DIF can also supplement the other components under the programme where good results have been achieved. Simultaneously the Mid Term Review² (MTR) of OTELP has also recommended that the planning for the activities under DIF shall be done on an annual basis and the boundaries between funds should be flexible, so long as village level priorities are met. Thus, the supplementation of the DIF to other components shall be drawn during the annual planning process.

Recommendations from different review missions

The MTR also recommends for using the fund to tackle the key issues that always affect the sustainability of livelihoods enhancement efforts – namely the achievement of food security, improved education condition and reduction of health-related problems. What is realistically achievable through convergence with Govt. Schemes and what is achievable through use of Programme funds must be determined and the Programme shall look to fill the gap in service provision.

¹ As per the Programme Appraisal Report Volume I and Paragraph 6 (d) of Schedule 1 of the Programme Loan Agreement.

² The Mid Term Review (MTR) of the programme was conducted by IFAD during September 2006.

Besides, the MTR also recommends for using part of the fund by the FNGOs during the initial 12 months preparation/ capacity building stage in the community, to tackle issues identified, particularly related to Govt. service provisions.

Based on the MTR recommendations the PSU has prepared an operational guideline indicating in February 2007 indicating the description of the component, funds allocation and modalities of utilization of the fund. The DIF section of the operational guideline is as follows:

“This is a provision of an additional funding to provide the flexibility to address to areas of demand as expressed by communities through the participatory processes and also to supplement those components / interventions of the programme yielding very good results. It will also enable the communities to implement activities which are not accommodated in other available components within the programme. This fund will also ensure better targeting of the households which are traditionally left out, including landless, destitute, disables and those who are unable to be part of the SHG or other income generating activities. The allocation under this component is Rs. 5.00 lakhs per MWS. It may so happen that some activities having direct impact on the rural livelihood will spread across villages and micro watersheds. In those cases the FNGO has to identify such critical needs in consultation with the communities in a participatory method across the area and accordingly community organizations to be promoted to implement as well as maintain the activity for sustainability.”

The subsequent Supervision Missions³ organized by IFAD further recommended that the PSU should formulate an elaborate guideline indicating the activities to be financed, procedure for project approval, identification of beneficiaries, monitoring of results and impact. Besides, the mission also reiterated the recommendations of Pre-MTR Assessment Study on Livelihoods Enhancement Efforts highlighting the need to use DIF for genuine innovative ventures and had proposed the following illustrative innovative interventions:

- Promotion of low cost time and labour saving rural technologies.
- Skill development (income-generating and non-income generating related).
- Special health and education development support (and other social protection measures)
- Economic empowerment activities.
- Construction of specialized structures (e.g. for processing/ value addition).
- Particular concern for the most vulnerable and marginalized – landless, women, and adolescent girls, physically and mentally handicapped, widows and the elderly.

The study had also suggested some possible technologies that could be introduced using DIF such as:

- Those related to women’s reproductive activities and health (multi-fuel smokeless stoves)
- Renewable energy sources (solar lamps, mini hydro-electric schemes)
- Technologies for the promotion of off-farm enterprises (e.g. livelihood options for physically handicapped people)

³ IFAD Supervision Mission conducted during May-June 2007 and Nov-Dec 2007.

- Value addition technologies for NTFP/ agriculture/ horticulture products to support the work of MART⁴ (e.g. packaging and other food processing technology, oil expeller machines).

Initial Interventions

During the initial period of implementation, the fund has been utilized to construct village level storage structure in each micro watershed so as to create an opportunity for storing the produces during lean session. Besides, these storage structures are also used for keeping the VDC records and storing WFP supported food grains. The activity has been well accepted by the community and also there is a demand to construct such storage structures in all villages. However, the activity is being proposed to be upscaled through the Community Infrastructure Fund (CIF) under Livelihood Enhancement.

Promoting supply of electricity in a conventional method is another effort made from the DIF fund. Four tribal women from the village Tinginaput, Narayanpatna, Koraput were sent to NIRD, Hyderabad for acquiring skills for assembling solar light panels and installing the same in their village. The project has achieved success and the women have installed the solar lighting system in their village and also installed a solar workshop for meeting the demand of the solar lights from the neighboring villages. The trained members have been organized into a SHG and prepared their business plan for upscaling the activities in other programme villages. The other OTELP programme villages may also install the solar lighting system taking support from the trained women.

Construction of individual toilet with piped water supply for each household to provide complete sanitation in all the programme villages facilitated by Gram Vikas in Th. Rampur block of Kalahandi district is another effort made to utilize the fund innovatively. The design and implementation has been facilitated by Gram Vikas⁵ with their technical support. The supervision mission also appreciates this effort where it significantly demonstrates how other convergence could be achieved by leveraging programme funds and also supplementing DIF with other programme components under OTELP. The efforts shall be up-scaled to all feasible programme villages under OTELP for all other districts.

Not only counting few, but also the programme shall constantly endeavor to facilitate with communities to identify the critical gaps which can be supported from the fund and also specifically address the issues while dealing with unprivileged and vulnerable groups.

Scope of activities which could be financed

Based on the learning from the implementation and recommendations made by earlier missions the DIF could be financed under following conditions.

⁴ MART, a Non Govt. Organization has been engaged by PSU, OTELP for supporting the programme in strengthening the marketing of agriculture/ horticulture/ NTFP produces. The agency had initially engaged for a period of one year for piloting marketing interventions in a small cluster of programme villages. Presently the effort has been up-scaled for another two years effecting from October 2007 to all the programme villages under Phase I implementation

⁵ Gram Vikas is a NGO working in Orissa with expertise of designing and implementing gravity flow water supply system and construction of low cost toilets.

- a. *Supplementary funding to other programme components:*
- The fund could supplement to other programme components wherever necessary where the specific activities are generating good results. Besides, it also supplements to complete the total developmental interventions planned under the perspective plan (VDLP) for a specific component where funding from other sources could not be facilitated.
 - To supplement funds to other programme components where the specific activities have yielded better result, the VDC shall prepare a detail proposal for the activity indicating its initial plan, the implementation process, the achievements made its impact on the beneficiaries and how the further financing would benefit the community.
 - To supplement funds to other programme components where funds are limited or the implementation VDLP could not be completed within the overall allocation of that component, the VDC shall prepare a detail proposal for the component indicating the activities planned in the VDLP, why the activities could not completed out of the allocated funds, the pending activities from the component which needs funding and the amount of funds required.
- b. *Experimenting and / or up-scaling innovative activities for livelihood*
- Ensuring total sanitation: The model tried in programme villages of Th. Rampur block in Kalahandi district (discussed earlier) could be adopted in other programme villages of OTELP accessing the feasibility.
 - Ensuring provision of electricity through non conventional sources (solar/ bio diesel): Villages, which can't be covered under conventional supply of electricity, could be promoted for establishment of solar lighting system by building capacity of the local youths preferably women.
 - Tribal Tourism: Promoting tribal tourism by developing model villages by ensuring minimum but innovative provision of boarding, lodging, guest recreation, entertainment, adventure sports etc., capacitating the community on hospitality management, promoting tribal tourism as a product to national and international tourists, providing marketing linkages through travel agents. The model villages so promoted could be up-scaled to a secondary institution, which can be the nodal agency for forward and backward linkage of the tourism activities.
- c. *Promotion of low-cost, time & labour saving technologies for reduction of drudgery:*
- Introduction of tera-fill water filter developed by Institute of Minerals and Materials Science (former RRL) at each household level so as to ensure safe drinking water.
 - Promoting improved cooking utensils which can reduce cooking time with less fuel utilization.
 - Multi fuel smokeless stoves for cooking.
 - Similar other low cost technological interventions linking to livelihoods support system.
- d. *Support to the Vulnerable and Destitute Households living inside the village:*
- Detail database of the vulnerable and destitute households are to be prepared by the VLSCs by using the well being analysis tool in the village.

- The probable support which could be provided to those households (not in terms of cash) shall be proposed by the VLSCs. (may include petty business activity with low capital investment, rural services delivery partnership, supporting ToTs etc.)
- Based on the proposals the FNGO and ITDA shall conduct a joint evaluation visiting the villages and recommend whether the proposed activities could be covered under other social safety net schemes or not.
- The proposals which could be taken up from mainstream developmental programmes mostly the safety net programme being run by Govt., shall be linked and the ITDA must ensure the provisions being arranged for the household.
- The proposals which could not be taken up from the mainstream developmental programmes shall be funded from this component.
- The proposal for each village shall be submitted to VDC and accordingly the VDC shall make provisions.

Planning & Implementation Process and Identification of Beneficiaries

As envisaged under the programme loan agreement, the selection of the activity to be financed shall be identified and selected in a participatory method on an annual basis. The following steps shall be adopted for the planning of the activities and identification of beneficiaries.

- The activities to be funded shall be planned during the preparation of VDLP for taking up innovative activities, implementation of low cost technologies and support for vulnerable & destitute households.
- For supplementation of funds to other components, the planning shall be made during the preparation of Annual Work Plan & Budget for each year and the procedure for implementation shall follow the process being adopted for implementation of that component.
- For other categories of activities, the implementation process shall be recommended based on the nature of the activity before implementation.
- For identification of beneficiaries for individual beneficiary oriented activities (preferable for implementation of low cost technologies and support to vulnerable/ destitute households), well being ranking method shall be adopted.
- While selecting the beneficiary, preference shall be given to women.

Procedure for project approval

- The proposal for each village shall be prepared annually and submitted to the ITDAs by March of each year for the next financial year.
- On receipt of the proposals, the ITDA shall nominate two SMS and evaluate the proposals based on their field visit along with the FNGO staff to the respective villages.
- After the field visit the team shall recommend the activities which can be financed from other mainstream programmes of Govt. and those which shall be financed under DIF.
- For supplementing funds to other programme components, the team shall evaluate the activities planned, implemented, pending activities to be implemented, its usefulness and impact.

- For up-scaling the activities yielding better result or implementing innovative activities, the team shall forward the proposal to PSU for further analysis and approval.
- At PSU, the team consisting of PO (PM&E), Revenue & Administrative Officer and PO (L&NRM) shall evaluate the proposal and recommend for implementation with approval from Programme Director.

Disbursement of Funds

- The funds shall be disbursed to the VDC from ITDA against the Annual Work Plan & Budget for each month.
- On approval of the proposed activities the VDC shall further release the funds to respective VLSCs based on the annual plan.
- The funds shall be released at one go for the entire year to the VDC. But the VDC shall release funds to the VLSCs based on their requisition against the activity.

Accounting and Audit

- The accounting of the funds shall be made at VDC and/ or VLSC level depending upon the level of expenditure.
- The accounting of the expenditures shall be maintained by the respective units as per the prescribed accounting guidelines of the programme.
- In case of supplementation of funds to other components, the amount supplemented shall not be accounted against the component supplemented rather shall be accounted against DIF.
- The Village Level Social & Financial Audit Sub Committee (VSFASC) shall undertake social and financial audit of the activities implemented under this component during its monthly meeting.
- The internal auditing system established under the programme shall also undertake audit for this component.

Monitoring of results and impact

- For supplementation of funds to other component or up-scaling of activities generating better results, the monitoring shall be done as per the monitoring schedule of the component to which the funds supplemented.
- For innovative activities close monitoring shall be done by the FNGO and ITDA to ensure proper implementation of the activity, as these would be very new for the communities and they would not have much of experience or exposure on implementing the innovative activity.
- The results of the component shall be evaluated in an interval of six months based on the progress of implementation and early results.
- The impact assessment shall be done thrice during the project cycle of 7 years in a micro watershed.