



# Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 18-Jul-2019 | Report No: PIDC27227



**BASIC INFORMATION**

**A. Basic Project Data**

Country India	Project ID P170645	Parent Project ID (if any)	Project Name Chhattisgarh Inclusive Rural and Accelerated Agriculture Growth Project (P170645)
Region SOUTH ASIA	Estimated Appraisal Date Feb 27, 2020	Estimated Board Date Jul 15, 2020	Practice Area (Lead) Agriculture and Food
Financing Instrument Investment Project Financing	Borrower(s) Department of Economic Affairs, Ministry of Finance, Government of India	Implementing Agency Department of Agriculture, Government of Chhattisgarh	

**Proposed Development Objective(s)**

The PDO of the proposed project is “to improve access to quality essential services and to enhance and diversify sources of income in select tribal dominated areas of Chhattisgarh.

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	225.00
<b>Total Financing</b>	225.00
<b>of which IBRD/IDA</b>	160.00
<b>Financing Gap</b>	0.00

**DETAILS**

**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	160.00
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**Non-World Bank Group Financing**

Counterpart Funding	65.00
Borrower/Recipient	65.00



Environmental and Social Risk Classification

Substantial

Concept Review Decision

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

## B. Introduction and Context

### Country Context

- 1. Since the early 2000s, India has made remarkable progress in reducing absolute poverty.** Between FY 2011/12 and 2015, poverty declined from 21.6 to an estimated 13.4 percent at the international poverty line (2011 PPP US\$ 1.90 per person per day), continuing the earlier trend of robust reduction in poverty. Aided by robust economic growth, more than 90 million people escaped extreme poverty and improved their living standards during this period. Despite this success, poverty remains widespread in India. In 2015, with the latest estimates, 176 million Indians were living in extreme poverty while 659 million, or half the population, were below the higher poverty line commonly used for lower middle-income countries (2011 PPP US\$ 3.20 per person per day).
- 2. To achieve its growth aspirations, India needs to overcome certain persistent constraints.** First, growth will need to be inclusive and sustained, but in a more resource efficient manner, given the country's low per capita natural resource endowment and the expected impacts of climate change. Second, growth will need to be inclusive to maximize utilization of the country's human resources and address inequality. Third, the country will need to strengthen the effectiveness of the public sector especially in delivering services and enabling the private sector to thrive and drive economic growth.
- 3. Both farm and non-farm sectors in India's rural economy, need higher growth<sup>1</sup>, efficiency and resilience for a much-needed boost to household income and job creation.** Contributing about 16 percent to GDP, the agrarian footprint is visible in every corner of the country. Most of the country's water (90 percent) is used for irrigation, much of the land (61 percent) is used by the sector, and a large section of people (49 percent) work in the sector. Still, agriculture's share in output has fallen steadily, while its consumption of inputs (including water withdrawals) has steadily increased and its share in employment has declined only modestly. In addition, the current agri-food supply chain is not sufficiently developed to take advantage of the changing consumption patterns of a growing middle-class in search of diverse and nutrient-rich foods. Rightly recognizing the importance of this paradigm, the Government of India's (GoI) development agenda<sup>2</sup> for agriculture focuses on seven goals: growth; stability; efficiency; food and nutrition security; food safety; sustainability; and increasing farmers income. GoI further emphasizes<sup>3</sup> higher attention to the eastern region<sup>4</sup> of the country which is well-endowed with natural resources (fertile soil and ample water) and contributes about 40 percent of the overall production of food grains in India. Chhattisgarh, with its significant natural

<sup>1</sup> Refer pp 85 of the Economic Survey 2017-18. [http://mofapp.nic.in:8080/economicsurvey/pdf/082-101\\_Chapter\\_06\\_ENGLISH\\_Vol\\_01\\_2017-18.pdf](http://mofapp.nic.in:8080/economicsurvey/pdf/082-101_Chapter_06_ENGLISH_Vol_01_2017-18.pdf)

<sup>2</sup> [http://www.niti.gov.in/writereaddata/files/document\\_publication/Annual-Report-English.pdf](http://www.niti.gov.in/writereaddata/files/document_publication/Annual-Report-English.pdf)

<sup>3</sup> [http://niti.gov.in/writereaddata/files/document\\_publication/RAP3.pdf](http://niti.gov.in/writereaddata/files/document_publication/RAP3.pdf)

<sup>4</sup> Assam, Bihar, Chhattisgarh, Jharkhand, Odisha, eastern Uttar Pradesh and West Bengal



resources, strategic location and connectivity will be a key actor in promoting inclusive growth and prosperity in the eastern regions of the country.

- 4. Increased incomes and earnings must also translate into improved human capital.** Global evidence indicates that improved agriculture productivity or income are necessary, but not enough to improve human capital development, particularly health and nutrition, as well as to foster economic growth. Specific actions, termed ‘nutrition-sensitive’ actions have been shown to improve a variety of diet and nutrition outcomes in both mothers and children, especially when they include nutrition and health behavior change communication and carefully designed interventions to empower women<sup>5</sup>. In turn, poor nutrition causes serious and costly health problems, from impaired cognitive and physical development to illness, disease and death; nearly one-half of all infant deaths are attributable to undernutrition<sup>6</sup> (see below the repercussions of child stunting<sup>7</sup>).

#### Sectoral and Institutional Context

- 5. Although the State has rich mineral wealth endowments and a robust manufacturing sector, overall growth remains far from spatially and socially inclusive.** Chhattisgarh is amongst the richest Indian States in terms of value of mineral production<sup>8</sup> (ranked 4th with a range of resources including diamonds). In 2017-18, manufacturing had the highest share (47.65%) in State GSDP, followed by the service sector (35.20%) and primary sector (17.15%). Most industrial development and primary sector growth are restricted to the plain areas of central Chhattisgarh. The State’s overall per capita income is the lowest in the country and the tribal (34% of the population) dominated southern and northern areas suffer from abject poverty<sup>9</sup>. To overcome significant inter-state, inter-district and intra-district variations, the apex planning body of Government of India (*NITI Aayog*) launched Transformation of Aspirational Districts Program (TADP) in 2017 encompassing the 115 most backward districts. Out of the ten aspirational districts in Chhattisgarh, eight are left wing extremism (LWE) affected. TADP has prioritized six sectors i.e. Health & Nutrition, Education, Agriculture & Water Resources, Skill Development, Basic Infrastructure and Financial Inclusion for rapid socio-economic development. These sectors hold relevance for inclusive growth agenda of the State, as targeted in this project.
- 6. A major challenge for human capital development in Chhattisgarh is the inadequacy of basic service delivery systems specially in lagging regions, and malnutrition and related health issues.** Rural communities, especially indigenous peoples in the southern and northern region of the State continue to suffer from malnutrition, poor health, acute poverty and high rates of school dropouts. Development literature shows that girls’ education is a key driver for many development outcomes specially malnutrition, fertility and child mortality. Although the State has made progress in addressing acute nutrition challenges particularly among women and children in recent times, about 37% of children under 5 years have stunted growth and about 38% are underweight while over 21% are wasted. 47% of women in reproductive age group are anemic. Malnutrition is widespread across the state, and there are inter-district variations with some districts more affected than others. Every district in the state has wasting levels higher than 15

<sup>5</sup> Marie T. Ruel, Agnes R. Quisumbing, and Mysbah Balagamwala. 2017. “Nutrition-Sensitive Agriculture: What Have We Learned and Where Do We Go from Here?” 01681. IFPRI Discussion Paper. Washington, DC: Poverty, Health, and Nutrition Division of the International Food Policy Research Institute (IFPRI).

<sup>6</sup> Black, Robert E, Cesar G Victora, Susan P Walker, Zulfiqar A Bhutta, Parul Christian, Mercedes de Onis, Majid Ezzati, et al. 2013. “Maternal and Child Undernutrition and Overweight in Low-Income and Middle-Income Countries.” *The Lancet* 382 (9890): 427–51. [https://doi.org/10.1016/S0140-6736\(13\)60937-X](https://doi.org/10.1016/S0140-6736(13)60937-X).

<sup>7</sup> The repercussions of child stunting are far-reaching—affecting educational attainment, workforce capacity and productivity, and adult wages, primarily as a result of deficits in cognitive development—and culminate in decreased likelihood that children will escape poverty as adults. (Horton & Steckel 2013; Fink et al. 2016; Hoddinott et al. 2008; Hoddinott et al. 2011; Martorell et al. 2010). It is estimated that India loses over US\$12 billion in GDP to vitamin and mineral deficiencies alone.

<sup>8</sup> With a 15.66 per cent (2017-18)

<sup>9</sup> 40% of the State population is below poverty line



percent (rated as very high) with levels as high as 34 percent in Bastar; stunting rates are high (30 to <40 percent) in 11 of the 18 districts and very high ( $\geq 40$  percent) in 7 districts. In 12 districts, more than 40 percent of the women are anemic, and as high as 75 percent in Dantewada. Health problems like sickle cell anemia<sup>10</sup> and malaria debilitate large segments of tribal populations of the state.

- 7. Overall, gender outcomes are mostly at par between men and women, in Chhattisgarh.** The Female Labor Force Participation rate is higher in Chhattisgarh compared to other states at 55%, there has been a decline in rural areas and an increase in urban areas. Most of the workforce works on the farm – 84% men and 90% women. Also, there remains gaps in secondary school enrolment, higher gap in educational attainment between men and women in both rural and urban areas with rural women lagging their urban counterparts.
- 8. With over 80% of population dependent on agriculture, this sector continues to be important for diversifying production and for improving nutrition especially among women and children.** About 80% of the total 3.74m farmers of the State are small and marginal. The average food grain productivity is very low (1,532 kg/ha against national average of 2,101 kg/ha and Punjab – 4,409 kg/ha), which is largely due to small land holdings, limited coverage of irrigation and minimal adoption of technology and high-yielding inputs. Only 35% of cultivated area is irrigated, and this is largely in central Chhattisgarh. Due to the lack of irrigation and other supporting inputs, cropping intensity is low at 138% (below country's average<sup>11</sup> of 142). Rice is the major crop of the State, but the so called 'rice bowl' is restricted to the irrigated areas (35% irrigation), largely in Central Chhattisgarh. Agriculture in the tribal dominated southern and northern region, is largely rainfed and the major crops include rice, millets and a range of indigenous crops. There is a strong potential in Chhattisgarh to exploit globally recognized pathways<sup>12</sup> for the transition from agriculture to nutrition-supportive agriculture.
- 9. Recent agriculture policy of the State is centered around strengthening the tribal production systems and is well aligned to the global discourse on conservation agriculture.** The State promotes this approach – locally referred to as NGGB<sup>13</sup> as a sustainable and closed farming system, focused on water management, integration of composting for building soil health, promotion of animal husbandry and sustainable agriculture on homestead lands. These are well aligned to landscape approaches, conservation agriculture principles<sup>14</sup> and integrated farming systems being promoted globally for sustainable development. Furthermore, the forest fringe areas offer additional opportunities for intensifying agricultural production in Chhattisgarh. Recently, the State government granted a large number of land rights (416,000) to individuals and communities under the Forest Rights Act (FRA)<sup>15</sup>. While the Government is pursuing development of these lands through a concerted inter-departmental convergence and utilizing district funds from mineral royalty, there are issues of technical inputs and capacity, sustainability and effective community participation for optimal returns. With access to irrigation and other critical input support, the production systems in

<sup>10</sup> Chhattisgarh is an endemic area for sickle cell disease, an autosomal recessive genetic disorder. About 10% of the population are affected as carriers while approximately 1% of the population have sickle cell disease. Out of the estimated 200,000 people affected large majority are not aware of their status. The disease predominantly affects tribal communities such as Gond where consanguineous marriage is common. In a state-wide screening done in 2018, the prevalence of sickle cell gene was found to be high in tribal districts such as Narayanpur, Dantewada and Bastar and in districts with substantial tribal population such as Mahasamand and Dhamtari.

<sup>11</sup> Annual Report 2017-18, Department of Agriculture, Cooperation & Farmers Welfare, Ministry of Agriculture & Farmers Welfare, Government of India; Weblink: <http://agricoop.nic.in/sites/default/files/Krishi%20AR%202017-18-1%20for%20web.pdf>

<sup>12</sup> The Lancet (2013) identified four key pathways through which agriculture may affect nutrition: (1) food prices; (2) income from agriculture; (3) consumption of own production as a result of market imperfections; and (4) factors linked to gender (such as women's social status and empowerment in agriculture, their time, and their health and nutritional status). Weblink: [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(13\)60843-0/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(13)60843-0/fulltext)

<sup>13</sup> NGGB policy of Government of Chhattisgarh: *Narua* meaning sustenance and efficient use of seasonal/perennial streams; *Garua* meaning animal husbandry; *Ghurwa* meaning 'composting' to improve soil health and *Badi* meaning homestead farms

<sup>14</sup> <http://www.fao.org/conservation-agriculture/en/>

<sup>15</sup> As per the Forest Rights Act (FRA) provisions, tribal households living and traditionally been cultivating lands before the year 2005 need to be given individual land rights. The Government has so far received 890 thousand claims under this Act.



*Badi* and FRA lands could be sustainably intensified and diversified to address local food/nutrition challenges and generate marketable surplus.

**10. Sustainable use and management of the considerable ecological wealth of the State (forest, flora and fauna, water, soil) is critical to enable overall development and higher economic returns to rural and indigenous populations.** The State has 46% forest cover extending over 6.3m hectare, rich groundwater resources (39% exploited) and high precipitation (~1350mm). Being one of the tribal dominated States, provisions of the Panchayats Extension to the Scheduled Areas Act (PESA)<sup>16</sup>, 1996 directs the rights of tribal communities to govern themselves following customary laws, social and religious practices, and acknowledges their traditional rights over natural resources. This empowers participation of community and *Gram Sabha* (village assemblies) in the decision making related to local development activities e.g. approval of development plans, control over minor forest resources (MFP), minor water bodies and minor minerals, managing local markets etc. Around 1.4m tribal people in the State depend on forests for their livelihoods with nearly 20% to 60% of their household income accruing from the collection and the sale of MFP. The minimum support price (MSP)<sup>17</sup> policy of MFPs is a long-awaited market intervention measure to support the most marginalized tribal collectors albeit this needs to be duly backed by strengthening of business ecosystem for increased private sector participation. Currently, the MFP collector's income remains very low considering their investments (time, place, knowledge) and associated risks. The potential to improve price realization through basic value addition of the primary produce remains high. The ongoing efforts of Chhattisgarh State Minor Forest Produce (Trading & Development) Cooperative Federation Limited (CGMFPCFL), aims increasing incomes of tribal households through value addition and marketing of MFP sourced sustainably. Buoyed by the demand from global and national wellness markets, there is growing interest of private sector entities to invest in high value forest produce (HVFP) value chains viz., tree nuts, gums/resins, medicinal, aromatic, natural colors, fibers etc. Strong market demand for these products creates new opportunities for the State to enhance beneficiary incomes by promoting linkages with the buyers in these markets while providing handholding support to producers and collectors for aggregation, value addition and marketing. The CGMFPCFL also plans collection and trade of such high value non-specified MFPs including medicinal and aromatic plants with assured market tie up<sup>18</sup>.

#### Relationship to CPF

**11.** The proposed project is fully aligned with the World Bank India Country Partnership Strategy (CPF: FY18-FY22). The project contributes to two focus areas: Focus area 1 - Resource-efficient, inclusive, and diversified growth in the rural sector; and Focus area 3 - Investing in Human Capital. The project investments would support at least 4 key indicators (Objective indicators 1.1.1; 1.1.3; 1.1.4; 1.1.5)<sup>19</sup> related to focus area 1, including advancement of nutrition security amongst indigenous community through sustainable, diversified and resilient production systems with efficient use of natural resources including land, water, forests and animal husbandry; and development of rural, women centric enterprises to promote value addition and market access. As part of contribution to Focus area 3 (human capital), the project will invest in a range of human capital development areas primarily focused on adolescent girls, young mothers, vulnerable sections etc. thus contributing to Objective indicator 3.5.1<sup>20</sup>.

<sup>16</sup> <https://tribal.nic.in/actRules/PESA.pdf>

<sup>17</sup> MSP policy for MFP announced in 2013, was further expanded in January 2019, to include nine more commodities (total 49 commodities). <https://www.downtoearth.org.in/news/forests/nine-new-items-added-to-msp-for-minor-forest-produce-scheme-63349>

<sup>18</sup> <https://www.cgmpfed.org/new/>

<sup>19</sup> Objective 1.1.1 Water use efficiency; Objective 1.1.3 Additional land area where sustainable land management practices adopted; Objective 1.1.4 50% increase in income; Objective 1.1.5 SHG HH that has one additional source of income)

<sup>20</sup> Objective 3.5.1 Share of poor HH (bottom 40%) by any safety net programs



### C. Proposed Development Objective(s)

The PDO of the proposed project is “to improve access to quality essential services and to enhance and diversify sources of income in select tribal dominated areas of Chhattisgarh”.

Key Results (From PCN)

**12.** The following Key Performance Indicators (KPI) are proposed for measuring the core outcomes of the project:

- a) KPI 1 - Percentage increase of eligible households receiving direct benefit transfers through social protection registry (ies);
- b) KPI 2 – Percent of households that meet or exceed minimum dietary diversity requirements (disaggregated for women and children)
- c) KPI 3 – Households reached with productive assets or services for diversified production/collection, with targets for tribal households and women headed households (number)
- d) KPI 4 - Value addition: Share of local produce that is processed into high value products (%);

In addition, the following indicator regarding citizens’ stakeholder engagement in the Project will be measured:

- e) KPI 5 - Degree of satisfaction of project beneficiaries with the quality of services provided by the Project (gender disaggregated), as a partial measure of stakeholder’s’ engagement.

### D. Concept Description

13. The direct project beneficiaries will include rural households from tribal dominated geographies<sup>21</sup>. The project will follow area-based approach of targeting of rural households, and in the selected districts and blocks all rural households would be eligible to participate in the program. The Project-specific criteria for geographical focus and prioritization of investments will include: (i) density of tribal communities; (ii) climate-change impacts and livelihood vulnerabilities; (iii) aspirational and LWE affected districts; (iv) strength of community institutions i.e. SHG and Federations promoted under Chhattisgarh State Rural Livelihood Mission; (v) commodities with tangible demands from local/global markets (income enhancement; linkage to profitable markets) etc. A detailed mechanism in this regard will be worked out during the project preparation.
14. **Component A: Human capital development services:** Towards improvement of human capital outcomes, the project will support: (i) development or strengthening of social protection delivery systems for enhancing basic service delivery and targeting poor and vulnerable households; and (ii) building human capital by focusing on adolescent girls and young women (ages 14-24 years) by facilitating pathways for their social, educational and economic empowerment.
15. **Component B: Nutrition supportive and climate resilient farming (or production) systems:** The Project component will aim to develop sustainable production systems which are more diversified and productive and more resilient to climate shocks. The production systems of the tribal homesteads i.e., *Badi* and open fields (including FRA plots) will be supported with investments for sustainable production such as minor irrigation and water harvesting facilities and production technologies for agriculture and agro-forestry, for improving year-round production of diversified commodities.
16. **Component C: Value addition and marketing of agriculture and forest produce:** The project aims to create infrastructure and enabling systems to facilitate value addition and market access for a select number of minor forest and other surplus agriculture produce within the State.

<sup>21</sup> Districts and blocks where % tribal population is more than State average as per the census 2011.



- 17. **Component D: Institutional strengthening for effective service delivery:** The project will invest in institutional strengthening and build implementation capabilities of various concerned line departments (e.g. agriculture, rural development, forest, tribal development, social welfare, health and nutrition etc.) of the State Government.
- 18. **Component E: Project management:** The Project will support a multi-disciplinary project management unit (PIU) at the State level which will steer the project in coordination with related departments of Government of Chhattisgarh.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

The project's environment and social risks are rated as 'Substantial'. Bulk of the investments will be made at the household level and these may be geographically spread out across the state posing minimal adverse impacts, which can be mitigated. Nature of investments will aim to build sustainability and bring efficiency of resource use, further resulting in positive environmental and social outcomes. Given the predominant presence of tribal population in parts of the state, their inclusion in project activities will be ensured. Borrower capacity will be built to deal with unforeseen as well as identified environmental and social risks and impacts. This would include, among others, a thorough consultative assessment of project's proposed investments for any adverse impacts and preparation of an environmental and social management framework to mitigate these impacts.

**Note** To view the Environmental and Social Risks and Impacts, please refer to the Concept Stage ESRS Document.

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**APPROVAL**

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