

Department for International Development India

Madhya Pradesh Rural Livelihood Project Technical Cooperation Project
Support Unit
CNTR 05 6385

TC Assignment: Phase 1 Assessments Synthesis Paper Final Report ©

in association within association with

m Mott
MacDonald


ruralpartnerships



October 2006

Abbreviations and Acronyms

APRLP	Andhra Pradesh Rural Livelihoods Project
ATM	Automated Telling Machine
DCPSU	District Project Support Unit
DPIP	District Poverty Initiative Project
FSS	Financial Services Supervision
GoMP	Government of Madhya Pradesh
GS	Gram Sabha
GVT	Gram Vikas Trust
JFM	Joint Forest Management
MFI	Micro Finance Institution
MPREGS	Madhya Pradesh Rural Employment Guarantee Scheme
MPRLP	Madhya Pradesh Rural Livelihoods Project
NREGS	National Rural Employment Guarantee Scheme
NTFP	Non-timber Forest Product
PESA	Panchayats Extension of Scheduled Areas Act
PFT	Project Facilitation Team
RNFE	Rural Non-farm Economy
SGSY	Swarnna Gram swarojgar Yojna
SHG	Self Help Groups
TCPSU	Technical Cooperation Project Support Unit
WORLP	Western Orissa Rural Livelihoods Project

Disclaimer

This report is prepared by consultants, Dr Peter Reid and Dr John Farrington and should not be taken to represent the views of Department For International Development, MPRLP and TCPSU / Enterplan.

Contents

1	Background: Progress in MPRLP Phase 1 and Objectives of the Phase 1 Assessments	1
	Project Context and Objectives	1
	Progress in MPRLP Phase 1	1
	Objectives of the Phase 1 Assessments	1
2	Introduction: The Changing Context of Agriculture, other Productive Sectors and Food Security	2
3	The Changing Context of Democratic Decentralisation	3
4	Local Drivers of Growth/Productivity and Change	4
	Agriculture	4
	Rural Non-Farm Economy	5
	Non-Timber Forest Products	5
5	Cross-Cutting Issues	7

	Migration	7
	Financial Services	9
	Social Protection	10
	Decentralisation	11
	Gender Inequality and Social Exclusion	12
6	Prospects and Issues for MPRLP	14
	Strategies and Workplans	14
	Approaches to Overarching Issues	14
	Linking with MPREGS	14
	The Infrastructure Conundrum	15
	Coherence between Livelihood Protection and Promotion	16
7	Convergence Issues	19
8	Conclusions	21

A1	Strategies for Phase 2 By Sector and Cross-Cutting Theme	A1 - 1
	List of Tables	18
	Table 6.1: Preventive, Mitigating and Coping Intervention Relevant to Agriculture	18

Executive Summary

Executive Summary

For the tribal areas falling under MPRLP-1, and those designated for MPRLP-2, it is clear that no single productive activity will be dominant. Livelihoods will be made up of a number of activities, in different combinations according to local circumstances, but likely to include: own-account farming (defined broadly, and includes livestock keeping); working as labourers in farming and other local activities; small enterprises in the rural non-farm economy, gathering of non-timber forest products (NTFPs), and selling their labour through patterns of circular migration, including migration to urban and industrial areas.

The excellent work in Phase 1 has begun to address the diversity of tribal livelihoods evident in the project villages. Strategies specific to each of the above livelihood options will now be consolidated and articulated to allow MPRLP-2 to cater for the diversity of conditions across selected districts, acknowledging the substantial contribution to tribal incomes made by sources beyond their own farms. Some of these will be sectoral or sub-sectoral (agriculture, NTFPs, RNFE), others will be cross-cutting (microfinance; migration, decentralisation; social protection). All will have important gender dimensions that will need to be taken into account. All will need to be located within an overarching Livelihoods Strategy for Tribal Areas. There will be a need to ensure coherence and complementarity among all of these. Initial suggestions for such strategies are presented in Annex 1.

It is important for MPRLP and GoMP to agree on a succinct and practical Livelihoods Strategy for Tribal Areas which will serve as the conceptual and operational framework for MPRLP-2, developed in a project preparation phase prior to the start-up of MPRLP-2. Sectoral and cross-cutting strategies will then be dovetailed to fit within this framework. The principles currently being discussed in relation to a National Tribal Policy^{1/} are likely to be of relevance to such a Livelihoods Strategy.

Building on the excellent work of Phase 1, MPRLP-2 will expand the scope for piloting, demonstrating and learning from new approaches. In this way, MPRLP-2 has strong prospects of sharing with government the practical lessons deriving from the implementation of new approaches. At a different level, MPRLP-2 can and should share with government its views, honed by field experience, on the appropriateness of existing programmes and on existing administrative and political structures and processes at operational level, and on how they might best be modified. Much effort will therefore be needed in identifying how MPRLP-2 will engage with government at both of these levels, and adequate financial resources will have to be allocated to building and sharing a robust evidence base. Care needs to be taken that MPRLP-2 is spread over a manageable geographic area, so that it balances the concerns of spreading the approaches and of effectiveness of interventions.

Again, building on the constructive initiatives of Phase 1 in this regard, to engage more fully with the Madhya Pradesh Rural Employment Guarantee Scheme (MPREGS), implemented by the MP Ministry of RD and Panchayat, represents a major opportunity for MPRLP-2, and may offer the possibility of feeding lessons back to MPREGS and donor-supported programmes so that particular provisions can be modified in the light of experience. Consideration would need to be given to how best MPRLP-2 financial resources could be allocated in support of MPREGS, and whether this might imply reductions in what is currently allocated elsewhere. Nevertheless, it represents a major opportunity for convergence in the future, convergence in the sense of working with those partners, agencies, and programmes

^{1/} See the 11th Five Year Plan Approach Paper, p64

that have common goals, shared understanding of the issues/problems and the potential for making a real impact on poverty reduction. Similarly, there is a major opportunity to demonstrate to government the evidence that circular migration is a very real and vibrant livelihood option and merits support through e.g. suitable policy changes and investment in appropriate kinds of infrastructure, in remittance mechanisms, in capacity building and so on.

One of the major opportunities for MPRLP-2 is that of ensuring closer complementarity between interventions focusing on livelihood protection and those concerned with livelihood promotion. This search for complementarity is now the focus of some attention in international circles, with the recognition that measures intending to achieve the same degree of social protection can vary widely in their impact on livelihood promotion, and vice versa. An initial challenge here is to identify improved combinations of protection and promotion strategies which match the local contexts in which MPRLP-2 will be located. These might fall within the agriculture/NR sectors, such as improved forms of crop insurance, or a price stabilisation fund to benefit gatherers of NTFPs, or outside the sector, but impacting on it, such as improved personal insurance against sickness, accident or death, so that resources do not have to flow out of productive activity in response to these crises. A second challenge is then to identify the types of administrative and political structure and process which could be taken up by GoMP in order to implement the necessary changes on a wider scale. A third challenge is to build a much stronger learning platform than has been available in MPRLP-1, so that project staff identify with the lessons built up within the project and take them to other stakeholders and other parts of government, and MPRLP locates itself at the centre of these processes.

1 | Background: Progress in MPRLP Phase 1 and Objectives of the Phase 1 Assessments

1 Background: Progress in MPRLP Phase 1 and Objectives of the Phase 1 Assessments

Project Context and Objectives

1 The Madhya Pradesh Rural Livelihoods Project (MPRLP) is a Government of Madhya Pradesh (GoMP) initiative managed by the Madhya Pradesh Society for Rural Livelihoods Promotion and supported by DFID. Its aims are: (i) to enhance livelihoods in predominantly tribal parts of MP via improved access to and productivity of land, forest resources and water through more effective natural resource management; and (ii) to promote enterprise development and provide support for non-farm livelihoods including migrant support and access to information.

Progress in MPRLP Phase 1

2 There has been a huge amount of progress in Phase 1, and in particular in establishment of the institutions and infrastructure necessary to deliver the project. This has been accomplished over a short space of time, effectively over the previous 18 months.

3 Project structures and processes have been established and are now functional. The MP Society for Rural Livelihoods Promotion has been established, as has the Empowered Committee and the State Project Management Unit. A comprehensive and transparent recruitment process has provided the latter with good quality staff who are now fully operational. The Livelihoods Forum has been instituted and is functioning, albeit with some concerns about its role and function. At district level, all the appropriate implementation machinery is in place, with District Project Management Committees set up and functional, and District Project Support Units virtually fully staffed. Project Facilitation Teams (PFTs) have been established and in situations where MPRLP is the PFT, recruitment has taken place. Where NGOs are to be the PFTs, partners have been selected using a manual and criteria which were designed by the project, and these also are now functioning. Livelihood Promoters have been recruited in project villages, one male and one female, and are working. So far nearly 800 microplans have been developed, and work has begun in implementing these, with SHGs being identified and supported. In addition, the Technical Co-operation Project Support Unit (TCPSU) has been put in place and is fully operational. A baseline survey has been conducted.

4 Progress has also been made in some areas of project policy, and the project is now in a good position to consolidate these, develop them further, and to articulate this in an overarching document – a Livelihoods Strategy for Tribal Areas.

Objectives of the Phase 1 Assessments

5 A total of nine individual studies (position papers) were commissioned to summarise progress made in Phase 1 and set this against changes in context that had occurred at state, national and international levels since preparation of the Phase 1 Project Memorandum. These were not intended to be evaluatory; rather, the intention was to place the design of Phase 2 on a solid footing of evidence and experience arising from Phase 1 and elsewhere.

2 | Introduction: The Changing Context of Agriculture, other Productive Sectors and Food Security

2 Introduction: The Changing Context of Agriculture, other Productive Sectors and Food Security

6 Increased agricultural productivity can generate growth in agriculture, employment and wages, as well as cheaper and more plentiful food. In turn, higher rural incomes stimulate both farm and non-farm sectors.

7 India stands at a crossroads in relation to these potentials: it has reached self-sufficiency in major staples, but is a relatively high cost producer, and so the scope for further growth through exports of these is limited. Also, surplus-producing farmers are concentrated in a few pockets enjoying good infrastructure and services, with hundreds of millions of others eking out a semi-subsistence existence in more remote areas with difficult climate, topography and soils, and weak integration into markets.

8 The value of agricultural output has grown slowly but steadily, but with large monsoon-induced fluctuations around this trend, and with the likelihood that these fluctuations will increase as climate change begins to bite. With the more rapid growth in the industrial and service sectors, the share of agriculture in the national economy has declined from 59 percent in 1950-51 to about 23 percent in 2004-05.

9 Although it has some high-productivity sub-sectors (such as soya), MP is characterised mainly by areas of difficult soil, erratic rainfall, limited irrigation potential, and weak links with markets. Scheduled Tribes and Castes are disproportionately represented in MP, as is the number of those relying on agricultural labour. Wages are low, employment is irregular, outmigration is high, and markets function imperfectly. In addition creditworthiness is poor and the penetration of formal credit systems/financial institutions is almost non-existent in tribal hinterlands.

10 The MPRLP has as its goal to address the needs of tribal people. These tend to live in the more remote parts of the State where natural resource conditions and market links are poorest, and agricultural productivity among the lowest. Project villages are selected on the basis of their impoverishment, their lack of education and their relatively small size. These criteria tend to bias selection towards the most marginal and poor villages. This would suggest that the levels of productivity there are among the lowest to be found within the district, the state and the nation.

11 Although improvements in agricultural productivity can be made (and participatory varietal selection could be one way of achieving these), poor soil and water conditions and limited infrastructure mean that the scope for increased productivity is limited. This, together with small land holdings, means that tribals are unlikely to escape poverty through crop farming alone. The potential of agriculture, including livestock, is considered in more detail below.

12 Non-timber forest products also offer some potential, but face problems of degraded resource base, illegal access by "outsiders", low prices offered to collectors owing to market imperfections and low local value-added. Again, this is considered in more detail below.

3 | The Changing Context of Democratic Decentralisation

3 The Changing Context of Democratic Decentralisation

13 MP has been at the forefront of democratic decentralisation, with vigorous implementation of the provisions of the Panchayati Raj act. This opens opportunities for MPRLP in terms of relations with the line departments, with gram sabhas and with the panchayats at different levels.

14 Interviews and reviews of evaluations of project literature conducted in the democratic decentralisation study (B010 Johnson and Singh) suggest that, although excellent progress has been made in local level planning, and whilst it lends itself to detailed livelihood improvement, it is unlikely to influence larger issues impacting on tribal households such as the availability of food grains via the Public Distribution System (PDS), the focus and effectiveness of social protection schemes, including cash transfers, and so on. The study also raises questions of how far project staff should be working with and through representatives of the gram sabhas and gram panchayats on the one hand, and staff of line departments on the other, though recognising that this is not an “either/or” issue, and that a broad front embracing both is necessary. Working largely with line departments may be more productive in the short term (though there have to be questions about the efficacy of PFTs taking on routine functions mandated to e.g. the Agricultural Extension Department), but may simply bypass the mandated functions of elected representatives and so undermine them for the longer term. In practice the balance of resource allocations as between working with line departments and with the panchayati raj institutions will be to a large degree dependent on local context, but in all cases will need to be reviewed from time to time and course corrections made as necessary.

15 Legislation currently in draft that holds out some promise for tribals includes the Scheduled Tribes (Recognition of Forest Rights) Bill. This has the potential to provide a new direction and help restore the balance in the legal frame for the forest dwelling tribals. Its primary aim is to secure land rights to those forest dwelling tribal communities whose rights have been historically denied through faulty reservation process in the past. However, the difficulty with this, as with the Panchayats Extension to Scheduled Areas Act (PESA), lies less in the quality of the provisions than in the quality of their implementation, which in the case of PESA has been very poor.

4 | Local Drivers of Growth/Productivity and Change

4 Local Drivers of Growth/Productivity and Change

16 Several groups of activities, some of them readily identified with sub-sectors, others cross-cutting, either are already driving, or have the potential to drive local economic development. These are agriculture (broadly defined), the rural non-farm economy, non-timber forest products, and migration. The current status and potential of each of these is as follows.

Agriculture^{2/}

17 The main constraints in tribal areas are the low quality of soil and water resources, remoteness from markets and weak infrastructure, chronically weak service delivery, small farm sizes and high levels of landlessness (or near-landlessness). Against this background, crop agriculture may be one plank for livelihood improvement and possible exits from poverty, but will not be the only one, and is unlikely to be the main one. There is a tension between traditional low-input, low-risk cropping and newer 'improved' systems. Whilst the former provided a measure of food and livelihood security, i.e. protecting livelihoods, the latter involve higher input technologies and therefore higher degrees of risk. A balance will need to be struck so that the traditional is not sacrificed in the name of livelihood promotion. This will involve the introduction of new technology only where levels of vulnerability allow, and where ways can be found to keep risks low.

18 The sustainability of any support that MPRLP gives to GoMP agricultural extension services may be open to question, and this is unlikely to be a priority for MPRLP-2. A strategy needs to be devised which will accommodate differences in physical and social context between selected locations. This could, with advantage, focus on a small number of types of intervention. Participatory varietal selection, which has had a high rate of success in other projects in the area, appears to be among the most promising of these, and excellent work has been started here which can be expanded to take in traditional crops. Exploring ways of making seed supply chains more effective and producer-friendly is another. Extending new ideas through Farmer Field Schools is work that has started, and may be continued, providing that sustainable models can be developed.

19 Livestock production offers some prospects, but remoteness from main consumer markets poses severe challenges for perishable products, and even if massive investments to improve infrastructure were made, these products are unlikely to be competitive with those produced in urban peripheries. Apart from some petty local trading, the main function of livestock is to act as "savings" and as a buffer against shocks and stresses, whether in the farm or domestic context. Recent villages studies (from the Livelihood Options project) show that the need to meet shocks and stresses is the major expense against which small stock (especially chickens and goats) are sold by poorer households. In a context where there is growing disillusion with the indebtedness and suicides associated with farm credit, it is refreshing to see assets accumulating and being used in these ways, not only to generate a regular income, but also to provide social protection against shocks and stresses. Small livestock production, especially where women play significant roles, merits promotion as one of the few assets capable of promoting both social protection and livelihood promotion.

^{2/}

This section draws on the pre-study papers on Agriculture (B004 - Reid and Diwakar), and Land and Water Resources (B011 - Peacock et al).

Rural Non-Farm Economy

20 The Rural Non-farm Economy (RNFE) position paper (B006 - Davies and Sahana) argues that at the macro level the strength of interaction between agriculture and the RNFE points to the need for more effective policies to promote agricultural production and incomes, perhaps through a progressive switch away from subsidised inputs and towards productive public investment e.g. in roads and water development, especially if this can be used to employ labour in the agricultural slack season. It is only rarely that any given location can be characterised as predominantly either farming or RNFE – in most contexts where farming is strong, so also will be the RNFE, and vice versa. In tribal areas, neither is strong.

21 In India, the general perception is that the environment for doing business is unfavourable, with lengthy procedures, high levels of rent-seeking, and arbitrary changes in established rules and procedures. Steps are particularly needed to rationalise the regulatory environment and so remove restrictions and transaction costs where these arise in both agricultural and RNFE production and marketing systems (Saxena, 2003). There is also a need to enhance the capacity to implement policy. Public investment in power supply, transport and communications infrastructure would help to stimulate the RNFE (as well as agriculture and non-timber forest product (NTFP) related activities. However, whilst it may be a necessary condition for the growth of these, it is unlikely to be a sufficient condition. Furthermore, where distances between producers and consumers are long, even with the best of infrastructure, products from remote areas are unlikely to be competitive with those produced close to major consumption centres. Promotion of the RNFE will, in addition, require the appropriate provision of credit, and capacity building among all concerned.

Non-Timber Forest Products

22 India-wide, an estimated 275 million people depend on these resources to some extent for their livelihood. NTFPs are crucial in meeting local communities' subsistence needs, providing a safety net in times of need and contributing to seasonal income. As argued in the NTFP position paper (B005 - Kiff and Bhattacharya), tribal communities within MP tend to have a higher dependence on forest resources, which precede by centuries the current legal restrictions on access. There is an on-going process of domestication of more valuable species, with cultivation of products such as lac and tsar silk, and on-farm planting of mahua and aonla, as well as their continued collection.

23 Some aspects of the policy environment are highly uncertain: some 12,000 sq km of forest land for instance are known as "orange areas", and are in dispute between Forest and Revenue Departments. Other aspects are liberal: a community's right to products for subsistence has been strengthened under the decentralisation act. In principle, there is much scope for a stronger engagement with the Department of Forestry through Joint Forest Management (JFM) processes. In practice, however, this faces considerable challenges since the majority of forest area recorded as under JFM is solely on paper, and does not embody active community management. With buoyant demand for many products, significant contributions to income can be earned by collectors, but they are typically forced to sell immediately on harvest when they have high-interest loans to repay to middlemen. Access to alternative credit and primary processing of products can significantly increase the income of collectors. The introduction of more sophisticated processing at local level is a priority for increasing income and reducing pressure to collect ever more quantities of raw material.

24 Government support to the sector includes management of cooperative collector groups and marketing of nationalised products (tendu leaves, salsi gum and sal seeds) through the Minor Forest Products Federation, which also markets honey and herbal products under the trusted "Vindhya Herbal" brand. The associated life insurance policies for tendu leaf collectors are popular, encouraging membership of co-operatives and promoting familiarity with insurance. Support to tribal communities through TRIFED promotes quality

production and marketing of a range of food, herbal and craft products, and MPRLP could usefully link with both MFP and TRIFED to help in marketing of products from project villages.

25 Findings from MPRLP-1 suggest that credit support for initial storage and primary processing of products is most beneficial for collectors. Incomes have been doubled in the case of mahua flowers, through storage for two to three months by collector groups and collective negotiation and sale. The challenge for MPRLP-2 is to develop a better understanding of existing value addition chains and target further interventions in terms of products and grouping of villages in order to introduce further value addition for networks of SHGs. Efforts also need to concentrate on strengthening user representation, e.g. within JFMCs, and to help pilot implementation of now liberal policies with regard to access and management rights of the poor and marginal to forest resources. Priority for further investigation with regard to NTFP processing includes value addition chains for mahua flowers and seed, incense stick manufacture, the lac market and aonla processing.

26 Those involved in training at community level will require further capacity building in order to take forward initiatives in processing and herbal garden/primary health care. Successful community trainers may go on to become master trainers, providing training to new groups outside of the village.

5 | **Cross Cutting Issues**

5 | Cross Cutting Issues

Migration

27 Circular migration, much of it seasonal, is now an integral part of the livelihood strategies pursued by a large number of poor people in Madhya Pradesh, with particularly high migration among tribals. As argued in the migration position paper (B007 Deshingkar and Kumar), migration is generally driven by lack of sufficient local employment, land fragmentation, drought and better opportunities in other locations. Longstanding efforts to stem the flow of migrants, such as microwatershed rehabilitation, seem to have had little impact. Common migration “streams” within the State include those to intensive agricultural areas such as Malwa and Haveli, to a few industrial pockets and mines; to urban centres for rickshaw pulling, and to brick kilns, mines and quarries for labouring. While the poor and unskilled appear to circulate closer to home, more skilled workers go farther for higher wages. Savings from migration vary widely by occupation, wage rates, expenses at the destination, and contracting/loan arrangements. What is clear is that most households would be worse off if they were depending solely on local employment.

28 There are indications that new jobs are being filled by migrants in emerging “green patches” where high value crops are being grown. The new Special Economic Zones will also attract more migrant workers.

29 New government schemes such as the MP Rural Employment Guarantee Scheme (MPREGS) have changed the dynamics of rural labour markets. Early feedback suggests a tightening of labour markets that has resulted in more bargaining power for migrant workers. While distress migration has gone down, migration for higher wages has continued.

30 It is important that MPRLP gives recognition to the centrality of migration as a livelihood strategy. It is recommended that Phase 2 of the Madhya Pradesh Rural Livelihoods Project emphasise the importance of human resource development in addition to natural resources. In addition it must recognise that livelihoods are multi-locational and provide people with an environment where they can make informed choices. In Phase 2, MPRLP should:

- Recognise that migration is people’s own effort to access employment and give explicit recognition to the centrality of migration in sustaining and enhancing rural livelihoods. This is especially important for those who have limited access to land and other NR-based activities.
- Develop a clear conceptual and operational framework for migration (a strategy and workplan) reflecting points above. This is needed to ensure that migration does not fall off the agenda.
- Upscale migrant support in partnership with NGOs. Migrant support should aim to:
 - create awareness among migrants about their rights,
 - improve their bargaining power through skills enhancement programmes and certification through partnerships with NGOs and government,

- reduce uncertainty in the job market by providing information on job availability, wages, duration of work, and
- recognise the vulnerability of those who are left behind in migrating households and devise ways of supporting them. The need for communication, representation in village institutions and reliable, low-cost remittance mechanisms is greatest.
- Interface better with district administrations and also demonstrating the impact of existing migrant support programmes.^{3/}
- Provide some migrant support services, such as providing information and issuing ID cards together with panchayats and the police. But there would still be a need for specialised migrant support services where staff has a good understanding of migration and the job market. The current structure of PFTs does not offer the required capacity to fulfil this role.
- Expand skills enhancement programmes in partnership with government and the private sector. The Construction Industry Development Council (CIDC) and Dr Reddy's Foundation have recently signed an MOU with MPRLP and DPIP for a skills enhancement and placement programme.
- Improve the data on migration in project districts, possibly in collaboration with the Livelihoods Forum that has a mandate for research, and map migration flows on a spatially indexed database in a format that can be used together with other information especially related to cropping patterns. Mapping could be used to highlight the most vulnerable pockets and communities in the project area. One possibility is to incorporate data on migration into the MIS system which is being developed by MPRLP.
- Compare experiences and share lessons with livelihood projects (DFID funded and others) in other states that are working on migration e.g. Andhra Pradesh Rural Livelihoods Project (APRLP), Western Orissa Rural Livelihoods Project (WORLP), the Livelihoods Mission in Rajasathan. This may also be considered under the Livelihoods Forum.
- Lobby government to change attitudes towards migration through workshops on the themes of migration and livelihoods.
- Engage with the consultation process on the Unorganised Sector Social Security Bill to reinforce the message that migrant workers' interests need to be represented (there may not be much time left to do this so action would need to be taken immediately).
- Take steps towards convergence with other DFID funded projects on health and education. An obvious point of overlap with health projects is in the area of personal health insurance. Opportunities for convergence with the DFID funded health programme on HIV/AIDS should be explored. On education, MPRLP could explore possibilities for joint work with UNICEF funded projects in the State that focus on education.

^{3/}

For an example of the work being done by the Gramin Vikas Trust Tasneem pers comm.

31 Finally, substantial experience has been gained on migrant support in DPIIP and GVT. MPRLP-2 will need to build on the excellent links already established with these during Phase 1.

Financial Services

32 Whilst agriculture is the predominant activity for most households, livelihoods are typically a “diversified portfolio of subsistence activities”. Under these circumstances, as argued in the finance position paper (B008 - Dikshit et al), credit becomes a coping strategy, and it is erroneous to infer from credit usage data that there is a “demand” for certain kinds of credit, since, if other financial services (such as savings, micro insurance and money transfers) were available, those would substitute for credit. Microfinance services for the poor also need to be contextualised against the need to build up the natural, human and infrastructural base, given the underdeveloped areas in which MPRLP operates.

33 Data from the 2003 National Sample Survey suggest that a lower proportion of the poor, either by social or economic category have access to credit, even from informal sources. The proportion of consumption credit, including for medical purposes, is high among the poorer segments. In terms of productive use, the main share is for crop inputs and for investments in land and water resource development. The use of credit on non-farm activities is limited.

34 Field visits to the MPRLP locations suggest that, while good initial steps have been taken in almost all locations in terms of forming or reviving self-help groups, the credit flow is still small and there is little of savings and insurance. The community fund placed with the Gram Sabha was often used for investment in land and water resources. These investments tend to be lumpy, long-term and collective, and in that sense such “livelihood finance” is quite different from micro-credit, which is small, short-term and aimed at individual households.

35 There are three main constraints in the provision of financial services: (a) inappropriate products and procedures; (b) inadequate outreach of distribution channels; and (c) distorted financial behaviour among the target group. An appropriate strategy might therefore continue to build and support a culture of savings, develop a closer understanding of needs, and assess local institutional capacity. Where capacity is strong, it may be possible to build (as B008 has recommended) a community based financial structure, using the Gram Sabha as a trusteeship institution, and allocating the specialised function of identifying and aggregating the demand for financial services to a Financial Services Supervision (FSS) Committee of the Gram Sabha, whose members would receive special capacity building inputs from PFTs, who themselves will be trained further. The FSS Committee might negotiate with various financial service providers like post offices, MFIs, banks and insurance companies, to get the best terms for the community, which will be organised into self-help groups (SHGs) of users. Over the long run, the SHGs of an area may be federated into a cooperative and thus establish a sustainable community financial institution.

36 An alternative model, proposed in a separate but complementary study as part of this series (Bennett/Wynne-Williams, Enterplan), would be to facilitate creation of a diversity of financially self-sustainable, professionally managed service providers. These providers would have interest rate autonomy, and would themselves provide attractive investment prospects, competing for external and internal resources. This model proposes use of simple technologies that have been tested elsewhere, such as adapted credit scoring and mini-ATMs, with the potential to address outreach problems. In this model, the gram sabha would have a lesser role, of oversight only. The project may wish to supplement its own resources by working with CASHE or similar organisations if this model is to be adopted.

37 In the wider frame, there is likely to be substantial advantage in examining the experience of Grameen and its derivatives in Bangladesh, and adaptations of this model elsewhere.

Social Protection

38 Social protection is often known as livelihood protection, and one^{4/} definition of social protection is that it should “encompass a set of public actions – carried out by the state or privately – that address risk, vulnerability and chronic poverty”. The same definition divides social protection into three operational components:

- **Social insurance** involves individuals pooling resources by paying contributions to the state or a private provider so that, if they suffer a “shock” or permanent change in their circumstances, they are able to receive financial support (eg. unemployment insurance, contributory pensions and health insurance). Part or all of these contributions may be made by the state on behalf of individuals, either as a promotional “start up” or more permanently, as in the case of life insurance provided by GoMP to tendu leaf collectors.
- **Social assistance** involves non-contributory transfers to those deemed eligible by society on the basis of their vulnerability or poverty. Examples include social transfers but also initiatives such as fee waivers for education and health and school feeding. There is a lively debate over how far such transfers should be in cash (as with eg MPREGS) or in kind (as with subsidised food under the PDS).
- **Standards:** setting and enforcing minimum standards to protect citizens within the workplace, although this is difficult to achieve within the informal economy.

39 There are a vast number of initiatives existing within Madhya Pradesh that relate to these three instruments (B009 - Sjoblom and Khatana). Shortage of government efforts is thus not a problem, but rather their overlapping nature and lack of coherence, together with the limited awareness of and access to entitlements caused by a complicated and non-transparent system of delivery, particularly for centrally sponsored schemes.

40 Although MPRLP does not yet^{5/} have a comprehensive strategy for working with social protection, there are initiatives within the project in this regard which include: the promotion of self-help groups that can act as a buffer against minor household shocks; skill certification of construction labourers that strengthens their bargaining position with employers; and social insurance in collaboration with the Department of Posts. One of the key issues vis-à-vis addressing risk, vulnerability and chronic poverty in the project is that project interventions are not always based on a multi-dimensional understanding of poverty. The Gram Sabha, which decides on applications for grants or loans by households or groups, is not always tuned to consider poverty while making a decision. Hence, this paper suggests that social protection is further strengthened in the next phase of the project by developing a strategy that:

- improves transparency, accountability and access to existing social protection schemes through the Gram Sabha. Many centrally sponsored schemes such as old age pensions have complex eligibility criteria and are subject to elite capture, resulting in errors of inclusion and exclusion. There is also considerable overlapping among schemes, and many are near-redundant. A recent study identified a total of 2,727 schemes across all GoMP Departments, many of them with a poverty focus.

4/

Draft Social Protection Strategy Paper, Social Protection Team, DFID.

5/

It is argued below that such a strategy would be highly desirable for Phase 2.

The project has an important role to play in ensuring that eligibility is applied in practice as intended, and that resource transfer mechanisms are robust and transparent.

- supports piloting for improving the livelihoods of extremely poor people through a combination of social protection measures with asset building.
- where possible, strengthens and promotes informal systems of social protection to reduce vulnerability to poverty caused by stress and/or shock at the household level.

41 Social protection strategies are typically designed and implemented by e.g. Ministries of Social Welfare, of Labour, of Women's Affairs, and so on. By contrast, the large number of ways of promoting livelihoods, such as via agricultural research and extension, infrastructure, processing of NTFPs, support for microfinance, promotion of trade and industry etc are mandated to completely different Ministries, and, crucially for present purposes, there is very limited interaction between the two sets of Ministries.^{6/} The consequences of this lack of coherence are discussed in Section 4.

Decentralisation

42 Of central importance here is the functioning of political and administrative decentralisation in MP in relation to poverty reduction. An attempt is made here to place the experience and lessons of Phase 1 into the wider context of the trends, challenges and opportunities that have emerged in Madhya Pradesh and India more widely since the beginning of the project.

43 The project has worked hard to put in place the PFTs, to develop a system of microplanning, to familiarise all concerned with project objectives and procedures and to include the geographically and socially marginalised in its activities. However, the government departments concerned with e.g. agriculture, irrigation, livestock and so on operate according to technical procedures and there remains work to be done to adapt these procedures to the concerns that villagers have, as expressed through microplans.

44 For the future, there are opportunities to:

- Work more closely with the various self-help and user groups already established in the villages as well as with the gram sabha.
- Bring about greater convergence among the different gram sabha meetings that occur within project villages.
- Work with the elected representatives of the gram panchayat, given that ward members represent the individual habitations in/around a village.
- Empower especially the women members of panchayats. Where there is a constitutional requirement that approximately one third of elected representatives

^{6/}

This disjuncture is reflected in international agencies, where livelihood protection and promotion are typically dealt with by different departments within any one organisation.

have to be women, this is a particularly important task if panchayat reforms are to rise above tokenism.

- Enhance the utility of microplanning in relation to the livelihoods of the poor – the danger needs to be avoided of arriving at a “wish list” of infrastructure and income-generating schemes that may have little longer term impact on the ability of poor households to improve their assets and abilities in relation to the local economy.
- Ask how far microplanning can influence wider processes, and whether other project mechanisms are required to influence the design of large scale infrastructure, or of economic or social policies at GoMP or even national levels.
- Clarify relations with line departments: to link with line departments and get them to make the services they offer more convergent is clearly desirable, as are also the efforts to have them adapt their services to the needs of poor people. However, to have PFT members fill gaps attributable to the financial or recruitment practices of these departments, whilst helping to meet immediate needs, is unlikely to be sustainable and removes part of the pressure that needs to be placed on these departments and on government to deliver mandated services adequately.
- Sustaining the ability of the gram sabha to continue occupying a central role in relation to planning and implementation.
- Strengthen the capacity of the livelihood promoters to reach marginalised groups and habitations within the village.

Gender Inequality and Social Exclusion

45 Despite a widespread notion that tribal societies of Madhya Pradesh are based on egalitarian practices of community life, there are in reality substantial differences in social and economic relations at inter- as well as intra-household level, within as well as between villages. Although the stark contrasts of multi-caste villages may not be found in tribal areas, there are apparent strands of difference that impact on entitlements and access to resources of different households.

46 In the tribal villages of the state, the power and social capital of a household is determined by factors such as tribal group (e.g Bhilala is considered higher than Bhil), clans, lineages and agnatic (male) ties. Households that have settled late in a village or reside in the wife's village often have limited or no ownership of land and lack social networks and alliances to draw on to advance their development. Hence such households are often the poorest in a village along with those who are female-headed, lack an economically active member, or have a member who suffers from a chronic illness. Such households are often involuntarily or voluntarily excluded from community life and many of the mainstream development initiatives in tribal areas do not reach them. An assessment is needed of how far the MPRLP approach of working through well-being ranking has remedied this situation. This will then help to ensure that measures are taken in Phase 2 to enable these groups to effectively participate in the project and come out of poverty.

47 In the tribal villages extensive gender inequalities prevail at household as well as community level. Women are often the key players in economic activities, especially agriculture, but have limited control over decision-making and expenditure. By and large, women remain excluded from community affairs unless there are development interventions which have promoted their participation. The approach of MPRLP has predominantly been a focus on women's practical needs such as reducing drudgery through provision of smokeless chulas and drinking water stands and to address women's extensive health problems. Less effort has been made to mainstream gender relations throughout the project. There are

however some promising initiatives such as training of female panchayat representatives and training women on improved agricultural practices. To ensure that MPRLP-2 becomes more gender sensitive will require consensus, vision and strategy.

6 | **Prospects and Issues for MPRLP**

6 | Prospects and Issues for MPRLP

48 Two broad sets of issues for MPRLP Phase 2 design emerge from the above discussion, as described below and in Appendix 1.

Strategies and Workplans

49 First, strategies and workplans will have to be developed within each of the (sub-) sectoral and cross-cutting spheres outlined above in ways which tackle the constraints and respond to the opportunities for improving livelihoods. These strategies in some instances will build on the substantial existing work and on the directions set in Phase 1, and in others will require some elements of new thinking. Suggestions regarding how new strategies might be developed are given in Appendix 1. It is recommended that these components are all captured in an umbrella document – a Livelihoods Strategy for Tribal Areas. One (narrow) function of such a strategy would be to help in guiding and prioritising project activities, but a higher goal to which the project should aspire is to engage GoMP in developing and, ultimately, owning, such a strategy.

Approaches to Overarching Issues

50 Second, approaches will have to be devised towards a range of overarching issues which go beyond these, do not fall neatly into the mandate of any specific government department, and yet are crucially important for the efficiency and effectiveness of public investment and service provision in relation to livelihood enhancement among the poor. These are treated in turn below and include: interaction with MPREGS, the infrastructure conundrum, and coherence between livelihood protection and promotion.

Linking with MPREGS

51 Without doubt, its national release of funds (Central + State) of Rs5,236 crore (£612M) in 2006-07 makes the MPREGS the largest single cash transfer programme ever devised by GoI, and one of the largest in the world. With a budget of Rs1,167 crore (£136M), MP is by far the largest recipient State, and the MREGS is expected to reach all districts of MP within the next five years. Phase 1 has already made commendable efforts to link with this major expenditure, and further opportunities present themselves for Phase 2. As noted in the decentralisation position paper (B010 – Johnson and Singh), like MPRLP, the MPREGS gives substantial formal responsibility to the gram sabha. Moreover, the organisational priorities of the Act emphasise the support of rural wage opportunities through micro-level planning and formal oversight on the part of the gram sabha and the gram panchayat. In light of these commonalities, the Phase 2 design team is strongly encouraged to consider the possibility of maximising future collaboration with the MPREGS. One of the main opportunities may be to help in ensuring that the assets created by labour provided under the MPREGS serve the interests of the poor, or at the very least do not lend themselves disproportionately to the interests of the better off. Consideration would need to be given to how best MPRLP-2 financial resources could be allocated in support of MPREGS, and whether this might imply reductions in what is currently allocated elsewhere.

52 While considering these options, it should also be noted that the MPREGS is still in its infancy, and presents a number of financial and institutional specifications that may not be entirely consistent with the long-term aims of MPRLP. First, unlike the long-term funding

structure of MPRLP, activities supported by MPREGS are grants which are provided in exchange for the labour of MPREGS applicants. Although these activities may lead to the development or improvement of community-based assets, and the NREGA certainly provides room for such activities, the model of labour-intensive cash transfers differs from the model of local self-sufficiency envisaged by MPRLP. Most significantly, MPREGS does not aim to establish or maintain through the repayment of loans and interest on loans, a village-based fund, which would or could be used for future development initiatives. Moreover, the overall aim of the scheme is to protect vulnerable households from the loss or reduction of wage-earning opportunities through the course of a financial year, not to promote the long-term viability of local institutions and communities to support rural livelihood options. Finally, it should be noted that the MPREGS entails an elaborate system of administration, and convergence with MPRLP may divert existing resources in the PFTs and the DPSUs. Finally, the implementation of Rural Employment Guarantee in some States (e.g. Andhra Pradesh) is accompanied by the issuing of personal insurance for labourers against injury and death. Again, this marks an important piece of social protection and a step towards familiarisation with personal insurance for the poor.

The Infrastructure Conundrum

53 The need for improved physical infrastructure – especially transport and communications – has been emphasised in practically all of the position papers. Infrastructure appears “like motherhood and apple pie”, in other words we all like it and there cannot be too much of it. Politicians the world over like the “concreteness” that infrastructure confers, and the fact infrastructure is highly photogenic has not been lost on them.

54 However, none of these views on infrastructure is particularly helpful when it comes to deciding rationally on public investment priorities. There are at least three sets of issues that need to be taken into account in such decisions:

55 First, the public purse cannot afford everything, and locally specific decisions have to be taken over e.g. whether local feeder road improvement is more desirable than trunk road improvement. MPRLP, by linking with public works programmes such as MPREGS, may be able to strengthen the former, and influence government thinking on the latter.

56 Second, expectations of the benefits to be derived from the (inevitably massive) transport investment needed to link remote tribal areas better to markets need to be realistic. Even if tribal areas produced a surplus, high volume, low value products such as food staples are unlikely to be competitively priced when they reach centres of consumption even with the best infrastructure in the world, if they have to be transported over long distances. On the other hand, lighter weight, higher value products, such as some NTFPs, might be competitive. Improved transport also cuts the other way: processed foods and manufactured products (such as some plastic goods) are likely to become cheaper in more remote markets as transport improves, and displace local foods or local artisanal products.

57 Third, and more fundamentally, for more remote areas the ultimate choice is between improving infrastructure to support productive activity there, or improving it in ways that will help people to migrate out. Improved transport may (with the above caveats) help with the former, whereas the latter will be more dependent on improved communications with reference to job availability, public investment in human capacity building, public investment in or support for money transfer mechanisms, and so on.

58 In short, the concept of “infrastructure” needs to be unpicked in ways that allow whatever is locally most appropriate to be identified, which in turn can be translated into public expenditure priorities – to treat it as monolithic without considering options, sequences, complementarities and tradeoffs is not helpful.

Coherence between Livelihood Protection and Promotion

59 The prevalent situation is that policies on livelihood protection and promotion are formulated in and implemented by completely different organisations – different departments of government, and often different sections within international organisations. These often communicate poorly with each other, and this means that interventions within one may be inconsistent with the objectives of another. For instance, to protect livelihoods through food aid may undermine local agricultural markets, especially if it arrives late, or in excessively large amounts. Taking an example from the production side, to promote high-yielding and high input crops in inappropriate circumstances is likely to increase risk and, among vulnerable producers, may lead to indebtedness, and in extreme cases, to farmer suicides.

60 Even where decisions concerned with perceived or actual shocks or stresses seem confined to agriculture or to management of the household, they can still have important (crossover) effects on each other. This is because money flows freely from one to the other^{7/}. Thus, the risk of crop losses through drought can be mitigated by measures such as new forms of crop insurance, of the kinds being piloted by BASIX. Financial risks in agriculture can be reduced through forward market “hedging”, or more simply, through systems of warehouse receipts (for those producing a surplus). If these measures are not in place, then resources may be transferred from the household (e.g. assets sold, consumption expenditure reduced, children taken out of school etc) to cover losses in farming. The same applies also in the other direction: a shock in the household (such as injury, illness or death) may cause the sale of agricultural assets. The same applies in the case of stresses (such as marriage expenses, which are not a shock since they are predictable from the birth of a child) if no separate provision (e.g. by personal insurance in the case of shocks or by asset accumulation in some form in the case of stresses) is made to cover these.

61 Apart from these potentially negative interactions, there are also positive ones. Thus, it is now well-known that some types of social assistance not only protect the beneficiaries, but are also in part invested in productive activities – as where parts of the pension payments in South Africa were invested in farming by the elderly, or in the education of grandchildren (Devereux). In the opposite direction (i.e. from production to protection) all types of farm enterprise, if they are successful, are socially protecting in the medium/long term in the sense of creating financial assets on which the household can draw. But some types lend themselves better to short-term social protection for the poor than do others. Thus, for instance, poultry, or small ruminants such as goats, are robust, low cost, divisible units often owned by the poor and which can be sold individually to meet shocks and stresses. Types of livestock such as these are priorities both for their productive value (eggs, goat’s milk etc) as well as for their “protecting” value.

62 To take the analysis further, types of social protection that have a bearing on productive sectors such as agriculture can be classified according to whether they seek to prevent a shock or stress from occurring, to reduce its impact (“mitigating”), to reduce the vulnerability (= increase the resilience) of households and individuals likely to be affected (“coping”) or to address deeply embedded vulnerabilities arising from social inequities and exclusion (“transformative”). They can be undertaken at various levels ranging from international conventions, down to sectoral or sub-sectoral strategies, and cater not only for farm households, but also for those dependent mainly on selling their labour, and for those who are unable to engage fully in productive activity (through, for example, old age, sickness, injury etc), but, through the increased consumption that social assistance payments might allow, may boost the local demand for agricultural products. Generic examples of social protection measures falling into these different categories are provided in Table 6.1. Several of these have microfinance implications, so reinforcing the suggestion made in the finance

7/

i.e. in the terminology of economics, money is *fungible*.

position paper (B008, Basix) that a wider range of products is needed than simply credit. There is already experience in MP of the promotion of personal insurance (by GoMP for NTFP collectors, and by SEWA for tendu leaf pluckers and others) and it would be opportune to draw lessons from these for the design of MPRLP-2.

63 In terms of implications for the design of MPRLP-2, it seems clear that to take “protection” decisions in the light of their likely impact on “production”, and vice-versa, is likely to lead to better combinations of income and security for poor people than if decisions are taken in isolation. The design process could usefully consider how this can be put into practice through an operational framework.

Table 6.1 Preventive, Mitigating and Coping Intervention Relevant to Agriculture

Type of effect Type of intervention	Reducing likely incidence of shock or stress (preventive)	Reducing impact of shock or stress (mitigating)	Increasing resilience/reducing vulnerability (coping)	Addressing vulnerabilities arising from social inequities and exclusion (transformative)
International agreements and conventions	Reworking of trade regimes; preventing international spread of ag-related disease		Rights of workers, of women and children....	
National legislation, regulation, public investment	Investment in major infrastructure; prevention of monopsony power, including in food processing, wholesaling and retailing, and of monopoly in farm input supply.	Promotion of good business climate, and of diversified rural economy; promotion of strong rural-urban links	Health and safety standards; minimum wage legislation; investments in health, nutrition and education; promotion of voice and citizenship.	
			Promotion of social equity via sensitisation and awareness campaigns and e.g. strengthening of Trade Unions. Moser's 'second generation' assets-based policy embracing rights and security, governance and the accountability of institutions.	
Agriculture sector strategies	Prevention of spread of crop/livestock disease; crop and livestock breeding strategies; investment in medium-scale infrastructure (e.g. irrigation, feeder roads); promotion of warehouse receipts, forward hedging etc; subsidies on inputs and improvement in markets	Enterprise diversification within farms; promotion of new forms of crop and livestock insurance	Agriculture-specific training; promotion of agriculture-related savings & investment;	Promotion of collective action for workers' rights in specific sector or sub-sectors
Asset building and access at community and individual levels	Public works to create communal assets (minor irrigation, bunds, drains, soil and water conservation; grazing; forest) and improve access	Improve access to communal assets Promotion of personal insurances etc	Strengthen individual assets – financial, health, education, awareness of rights, voice...Transfers in cash or in kind (e.g. subsidised food; FFW).	Promotion of rights of minorities at community level
Promote employment			Food or cash for work; support migration out of low productivity areas, and remittances	Ensure inclusion of minorities
Increase and/or smooth consumption			Transfers in cash or in kind (e.g. subsidised food; FFW).	Ensure inclusion of minorities

7 | **Convergence Issues**

7 | Convergence Issues

64 The overall purpose of promoting convergence is to enhance positive livelihood outcomes for tribal communities. At the moment convergence is taking place at a relational level with little focus on the prioritisation of staff efforts or inputs.

65 For the future, a prime focus must be on assessing, and working with, those partners, agencies, and programmes that have common goals, shared understanding of the issues/problems and the potential for having a real impact on reducing poverty. Given the limited resources available this would mean that efforts probably need to be focused on a small number of measures to promote convergence, rather than spreading resources too thinly on the ground.

66 It is recommended that there is greater coordination and collaboration with the National Rural Employment Guarantee Scheme (NREGS) in Madhya Pradesh. As the responsibility for the implementation of the NREGS rests with the Ministry of Rural Development and Panchayati Raj there exist substantial opportunities for collaboration with the MPRLP.

67 However, the NREGS has an elaborate system of administration, and care needs to be taken that convergence with MPRLP will not make excessive demands on resources in the Project Facilitation Teams and the District Project Support Units.

68 Improved cooperation and collaboration with key agencies and programmes must also extend to transfer of knowledge, information and experiences. However, this is a two-way process and partners and stakeholders also have a role in ensuring that they not only learn from MPRLP, but also from actively sharing experiences of their own projects and programmes.

69 There are already a number of examples of how the project works in collaboration with other development agencies and programmes. However, such collaborative actions need to be increasingly underpinned by joint understanding of the issues, problem or challenges and, most importantly a shared vision of what can be achieved together. Systems must also be in place to allow information sharing between partners and to generate a greater capacity for learning from experience.

70 There are a number of mechanisms that can be used to increase cooperation and collaboration, and develop improved knowledge management systems to improve learning from one another. These should strive to increase the sense of ownership and empowerment, manage the process of change and achieving improvement through the creation of initiatives, plans, process and actions to achieve positive livelihood outcomes. One suggestion is that DFID (and other development agencies) might hold an annual retreat to bring together agencies working on rural livelihoods. This can be more effective if government "buys in" by managing this process.

71 Another focus is on regular meetings to discuss rural development strategies to achieve positive livelihood outcomes, and to achieve specific development and poverty reduction goals set out by the GoMP. Again, such meetings should be chaired by the government and would normally take place once or twice a year.

72 The Livelihoods Form has a key role to play, particularly in sharing information and knowledge that can genuinely inform practices and policies at the government level. As a minimum, the Livelihoods Forum needs to develop a communications and dissemination strategy for Phase 2.

8 | **Conclusions**

8 Conclusions

73 For the tribal areas falling under MPRLP-1, and those designated for MPRLP-2, it is clear that no single productive activity will be dominant. Livelihoods will be made up of a number of activities, in different combinations according to local circumstances, but likely to include: own-account farming (defined broadly to include livestock keeping); working as labourers in farming and other local activities; small enterprise in the rural non-farm economy, gathering of NTFPs, and selling their labour through patterns of circular migration.

74 The preparation of MPRLP-2 will have to ensure that specific strategies will be designed to cater for the diversity of conditions across selected districts. Some of these will be sectoral or sub-sectoral (agriculture, NTFPs, RNFE), others will be overarching (microfinance, migration, decentralisation). There will be a need to ensure coherence and complementarity among these, to avoid inconsistencies and to ensure that the whole is greater than the sum of its parts. Clearly, flexibility needs to be maintained within the context of these strategies so that responses can be designed to local conditions, which will vary over space and time. However, limits need to be set if the project is not to be purely responsive. One way of doing this would be to decide, at a strategic level, what the project will not engage in, and use this as a filter to screen out potentially inappropriate activities.

75 MPRLP-2 has the flexibility to pilot new approaches to rural poverty reduction which is generally absent in government. Consideration will therefore need to be given to identifying how MPRLP-2 will engage with government, either in relation to the delivery of specific services, or in relation to broader ways of engaging and influencing, as with e.g. relations with gram sabhas, gram panchayats and higher levels of democratic decentralisation. There is also scope to build on the strong working relations already developed with other partners such as DPIP. To engage more fully with MPREGS as it is rolled out is a major opportunity, and may offer the possibility of feeding lessons back to MPREGS so that particular provisions can be modified in the light of experience. Similarly, there is a major opportunity to bring government round to the view that circular migration is a very real and vibrant livelihood option and merits support through e.g. investment in appropriate kinds of infrastructure, in remittance mechanisms, in capacity building and so on. The mooted expansion of SGSY (scheme for the promotion of self-employment), and its linking with NREGA under the 11th Five Year Plan will also provide a major opportunity for MPRLP to draw down and share lessons on the use of these central government funds.

76 Considerable experience on how to promote and protect rural livelihoods is being gained not only in MP, but also in DFID-supported Rural Livelihoods Projects in Andhra Pradesh, Orissa and West Bengal. For Phase 2 of MPRLP there are excellent opportunities to build on links established with some of these during Phase 1, and so promote cross-learning between the projects.

77 Finally, perhaps one of the major opportunities that the flexibility enjoyed by MPRLP affords is that of ensuring closer complementarities between livelihood protection and promotion interventions. This would allow for building up field-based knowledge of what actually works in terms of livelihood protection and promotion. Sufficient resources need to be allocated to building a learning platform on which a range of government departments and others can be engaged in order for this new learning to be disseminated more widely and scaled up. MPRLP-2 should not be stretched so thinly (e.g. over an excessively large number of districts and villages) as to impair this important function.

A1 | **Strategies for Phase 2 By Sector and Cross-Cutting Theme**

A1 | Strategies for Phase 2 By Sector and Cross-Cutting Theme

Develop a Livelihoods Strategy for Tribal Areas, which would address the following issues within sectors/sub-sectors/thematic areas:

Agriculture

- a focus on a small number of specific issues not blanket policies, and with limited allocation of resources to crop agriculture
- a pro-poor livestock policy with a focus on the role of livestock as a means of saving and livelihood protection
- an Agro-Ecological Zone framework, to help address diversity in project area
- addressing improved markets for the poor - more effective value chains, direct producer-buyer relationships
- Farmer Field Schools as agricultural SHGs
- a policy on agricultural research with a focus on adaptive research and participatory variety selection.

NTFP

- increased support for JFM at all levels
- on-farm NTFP cultivation
- development of common property management arrangements
- plantation on degraded forest
- primary processing, value addition, marketing.

RNFE

- Increased emphasis on up-skilling in technical areas plus business and market-related skills
- Focus on supply and value chains, and group marketing
- Business development services – scope, but longer-term

Need for the following research:

- Rural business survey (incl. institutional analysis)

- How to support the informal sector

Migration

- Giving explicit recognition to vibrance of migration as a livelihood strategy
- Emphasising importance of human capital as tradable asset
- Upscaling migrant support with NGOs
- Expanding skill enhancement programmes
- Improving migration data collection/mapping
- Improving information on migrant job opportunities
- Improving knowledge on the needs of migrant children
- Improving means of making remittances
- Sharing more with other similar projects.

Financial services

Develop strategy for community-based livelihoods financing, based on following possible models:

Model 1

- Role of Gram Sabha as trusteeship institution
- Creation of FSS Committees for oversight
- Create new post of FSA in PFT

Model 2

- Diversity of financially self-sustainable, professionally managed service providers
- Interest rate autonomy - themselves attractive investment prospects (competing for external and internal resources)
- Use of technologies: adapted credit scoring, mini-ATMs - potential to address outreach problems
- GS oversight.

Need first to conduct a formal survey across the project area covering:

- household economic characteristics
- formal and informal sector service supply
- household savings, borrowing and other FS demands and preferences.

A1 - 2

Social Protection

- improved transparency, accountability and access to existing social protection schemes through the Gram Sabha, such as old age and widows' pensions, food subsidy and so on
- supporting piloting for improving the livelihoods of extremely poor people through a combination of social protection measures with asset building strengthening and promoting informal systems of social protection to reduce vulnerability to poverty caused by stress and/or shock at the household level.

Decentralisation

- Maintaining the status quo (vis-à-vis GS policy)
- Working more extensively with SHGs/user groups
- Establishing issue-related committees reporting to GS
- Expanding number of LH Promoters
- Encouraging greater involvement of elected ward reps.