

PRESS INFORMATION BUREAU

GOVERNMENT OF INDIA

**GOVERNMENT OF INDIA, GOVERNMENT OF BIHAR AND WORLD BANK SIGN
US\$ 100 MILLION AGREEMENT FOR ADDITIONAL FINANCING FOR RURAL
LIVELIHOODS PROJECT IN BIHAR – EXPECTED TO DIRECTLY BENEFIT 1.5
MILLION HOUSEHOLDS**

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The Government of India, the Government of Bihar and the World Bank today signed here an agreement for US\$ 100 million additional credit to scale-up the ongoing Bihar Rural Livelihoods Project, named Jeevika (or 'livelihood' in Hindi). The Project is aimed at enhancing the social and economic empowerment of the rural poor in Bihar.

The additional financing will help consolidate and expand the Project to cover all the blocks in the existing six districts covered under the Project. This will not only allow the Project to cover all the villages in the existing districts, but also provide a comprehensive district wide model for poverty alleviation in Bihar, a predominantly rural state with 89 percent of the population living in rural areas.

The agreements for the Bihar Rural Livelihoods Project were signed by Shri. Venu Rajamony, Joint Secretary, Department of Economic Affairs, Ministry of Finance, on behalf of the Government of India; Shri Rameshwar Singh, Principal Secretary, Department of Finance, on behalf of the Government of Bihar; Shri Arvind Kumar Chaudhary, Chief Executive Officer (CEO), on behalf of the Bihar Rural Livelihoods Project; and Mandakini Kaul, Senior Country Officer, World Bank (India) on behalf of the World Bank.

Later Shri Venu Rajamony, Joint Secretary in the Department of Economic Affairs, Ministry of Finance, Government of India said that the additional financing will directly benefit 1.5 million households. It will further help the Jeevika Project consolidate and deepen some of the key activities initiated in the parent project so that the learning from these interventions can be internalized and scaled up across the state under the Government of India's National Rural Livelihoods Mission, he added. Shri Rajamony further said that the additional financing for this Project will also help scale up activities by converging with various

ongoing schemes and programs of the Government of India (GOI) and Government of Bihar (GOB) in the areas of health, nutrition, social protection, rural employment, and agriculture.

So far the Project has mobilized 515,000 poor women into 46,000 self-help groups (SHGs) and 3,500 village organizations. Of these, more than 90 percent belong to vulnerable groups such as scheduled castes, scheduled tribes and backward castes. These community organizations are managed by nearly 30,000 trained grassroots women leaders and 8,000 para-professionals, resource persons and functionaries trained in the areas of institutional capacity building, bookkeeping, providing linkage with commercial banks and livelihood support services.

Mr. Roberto Zagha, World Bank Country Director for India said that effective targeting of the poor, especially the most vulnerable groups, has been a major focus of the ongoing Project. He said that this additional financing will not only help expand the social mobilization strategy to newer blocks, but also deepen the social inclusion impact in the existing blocks.

Shri Parmesh Shah, the Project's Task Team Leader and Lead Rural Development Specialist, World Bank said that the additional financing will help the project develop scalable models in key livelihood sectors such as agriculture, dairying, job creation for migrant youth and nonfarm employment and also ensure access to safety nets for the poor through convergence with government programs.

The Project has initiated a number of interventions on a pilot basis through convergence with other government programs and enabled access to public entitlements for the poor. These include access to social security pensions for nearly 29,000 households in partnership with the social welfare department and access to wage employment under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in partnership with the rural development department for nearly 5000 SHG women.

The Project will be financed by a credit from the International Development Association (IDA) – the World Bank's concessionary lending arm – that provides interest-free loans with 25 years to maturity and a grace period of five years.

The focus will now be on consolidating and increasing investments in different livelihoods sectors such as agriculture, dairying, job creation for migrant youth and nonfarm sector employment; investments will be made in cross-sectoral delivery of services through convergence with various GOI/GOB development programs; partnerships with civil society, social entrepreneurs and private sector will be strengthened for innovative practices in social, financial and economic inclusion; and the monitoring and evaluation systems will be strengthened to capture change.

These SHGs of the poor have so far cumulatively saved over US\$ 5.5 million, and accessed US\$ 22 million credit from commercial banks. A strong partnership has been built with mainstream financial institutions through signing of Memorandum of Understandings (MOUs) with four commercial banks and three regional rural banks.

A recent independent evaluation of the impact of Jeevika on socio-economic outcomes based on a survey of 4,000 randomly selected households show that the Project has positively impacted the savings of project households with 58 percent more households starting regular savings. It has led to increased food security with a 27 percent reduction in the duration of food shortage and has increased ownership of assets like cows (by 59 percent) and bullocks (by 177 percent).

DSM/SS