

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

**GOVERNMENT OF INDIA AND WORLD BANK SIGN US\$130 MILLION
AGREEMENT TO IMPROVE LIVELIHOODS FOR 300,000 VILLAGE
HOUSEHOLDS IN NORTH EASTERN STATES**

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The Government of India and the World Bank today signed an IDA credit of US\$ 130 million to finance the Government of India's (GOI) efforts to empower rural communities in the growth-deficient North East (NE) region to improve their livelihood opportunities.

The **North East Rural Livelihoods Project** (NERLP) will enhance the livelihoods of the rural poor, especially women, unemployed youth and the severely disadvantaged in eight districts of the four participating states- Aizawl and Lunglei in **Mizoram**; Peren and Tuensang in **Nagaland**; South, West and 15 Panchayat wards of East District in **Sikkim**; and West and North Districts in **Tripura**.

Despite its rich natural resources and relatively good human development indicators, the North East (NE) region lags behind the rest of India in important parameters of growth. Almost 35 percent of its predominantly rural population lives below the poverty line; agricultural productivity is low; and high school drop-out rates and lack of skills have led to high unemployment among the youth. This low-growth scenario is exacerbated by problems of geographical inaccessibility, protracted insurgency in some areas, and recurring natural disasters. Recognizing the urgent need to put economic growth on track in the NE, the Government of India developed the North Eastern Region (NER) Vision 2020, endorsed by all NE states. The Vision envisages using a partnership-approach with all relevant stakeholders to make interventions responsive to people's needs and aspirations for a better quality of life.

The agreements for the **North East Rural Livelihoods Project** (NERLP) were signed by Mr. Venu Rajamony, Joint Secretary, Department of Economic Affairs, Ministry of Finance, on behalf of the Government of India;

Mr. D. L. Wankhar, Project Director on behalf of the North East Rural Livelihoods Project; and Mr. Roberto Zagha, World Bank Country Director in India.

The Project seeks to develop an institutional platform for the communities, which will help them link up with the private sector, public sector, and civil society and to acquire the institutional, technical, and financial capacity needed for improving their livelihoods. Global development experience shows that absolute poverty can be overcome by equipping a member of the household (especially a youth) with employable skills. A separate activity for skills development and job placement has thus been included in the project to ensure that such opportunities are available to the rural poor. Some livelihood opportunities envisaged under the Project include natural resource management activities such as forest management, non-timber forest produce storage and processing, horticulture, preservation of riverine fishes, water harvesting and recharging of ground/surface water in the villages; community-based infrastructure activities like upgrading of small agricultural link roads, micro hydro-power schemes, wind-cum-solar mills, to name a few.

The Project comprises four main components (i) Social Empowerment; (ii) Economic Empowerment; (iii) Partnership Development and (iv) Project Management. The first component seeks to help rural communities to create sustainable institutions so that they can manage common activities around microfinance, livelihoods and natural resource management. The second component will provide funds to the community institutions to undertake various livelihood activities, as well as provide self-entrepreneurship opportunities to unemployed youth. To enable this, the Project will help develop partnerships with various formal financial intermediaries - such as microfinance institutions, commercial banks, development financial institutions such as National Bank for Agriculture and Rural Development (NABARD) and Small Industries Development Bank of India (SIDBI), and specialized funding agencies such as North East Development Finance Institution (NEDFI) – and with the private sector and civil society to allow rural communities to access technical and marketing support. The project management component facilitates the implementation, coordination, monitoring and evaluation, learning and quality enhancement efforts of the project.

The credit from the International Development Association (IDA), the World Bank's concessionary lending arm, has a final maturity of 25 years, including 5 year grace period.

DSM/SS/GN