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11th JRM



Investing in rural people

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Republic of India

Post-tsunami Sustainable Livelihoods Programme for the Coastal Communities of Tamil Nadu

(PTSLP: 662 IN, 691 IN & Additional Loan # 2000001433)

Joint Review Mission: 29 October to 8 November 2019

A. Mission Objectives and Key Conclusions¹

Background and main objective of the mission

1. The Post Tsunami Sustainable Livelihood Programme in Coastal Areas of Tamil Nadu (PTSLP) is operating in 238 coastal Panchayats in 45 blocks of 12 coastal districts that were affected by the 2004 tsunami. The project objective is to build self-reliant communities that are resilient to shocks, and are able to manage their livelihood base in a sustainable manner. PTSLP is financed by 3 loans totalling SDR 36.25 million, and the disbursement rate is 71%. After an extension of one year granted on 22 Feb 2019, the programme completion date is now 31 March 2020, with loan closing on 30 September 2020.

2. The programme is implemented by a Project Management Unit under the Rural Development and Panchayat Raj Department, GoTN. The program has 4 components: 1) Coastal Resource Management; 2) Rural Finance and Risk Transfer; 3) Employment Generation and Skill Training; 4) Community based Sea Safety and Disaster Management. Since its start, the program was implemented in Kanchipuram, Villupuram, Cuddalore, Nagapattinam, Tiruvallur and Kanyakumari (referred to as existing districts in this aide-mémoire). Since March 2016, and following the GOI request and IFAD Board approval of geographic extension of PTSLP, the program is

¹Ms Girija Srinivasan (Mission Leader and Grassroots institutions and Financial services specialist); Ms. Louise Mc Donald, Country Director for Bhutan, (Poverty targeting, Gender, M&E, KM and Project Completion), Mr S Sriram, Country Operations Specialist, IFAD (Procurement and project management); Mr Pratul Dube, Financial Management specialist and Mr. Jeevan Mohanty, Enterprise assessment, Environment and Climate Change. The mission was accompanied in the field visits by the following members of the PMU: Mr.S.S. Kumar, JD; Mr. M.Rajasekaran, F & A Manager; Ms. Shanthi Swaminathan, EDM; Ms. D. Ezhil Kavitha, Executive Engineer; Mr.C.L.Chenthil Kumar, M & E Manager; Mr. M.Padmanabhan, SRFM; Mr. Gajavardhan, Consultant, Fisheries.

implemented in 6 additional districts of Thoothukudi, Tirunelveli, Ramanathapuram, Pudukottai, Thanjavur and Thiruvarur (referred to as the additional districts in this document).

3. This is the 11th and last Joint Review Mission. It was fielded from 29 October to 8 November 2019 in the State of Tamil Nadu to review the progress of the programme, assess its performance, and plan for the completion activities and exit strategy. The mission, in two separate teams visited 6 districts from 29 October to 2 November 2019 and had discussions with District staff, CRCs, community institutions, women entrepreneurs and fishers. Consultations were held with the main partners of the project such as NABFINS, Tamilnadu Grama Bank, Indian Bank, South Indian Federation of Fishermen Societies (SIFFS) and the 7 Federations of Fishers Societies, Nagai Organic Farmer Producers Company Ltd. (NOFPCL) and 5 service providers. Discussions with Mr. P. Selvarajan, Additional CEO, Tamil Nadu State Rural Livelihoods Mission (TNSRLM) were held regarding PTSLP exit strategy.

4. This Aide Memoire presents the findings and recommendations of the mission discussed at a wrap-up meeting on 8 November 2019 chaired by Mr Hans Raj Verma, Additional Chief Secretary, Rural Development and Panchayat Raj Department, GoTN. Prior to this, the key recommendations were discussed and agreed with Mrs. Meenakshi Rajagopal, Additional Chief Secretary, Project Director, Programme Management Unit, PTSLP on 7 November 2019. The wrap-up meeting with Dr. Prasanna Salian, Deputy Secretary, DEA, took place on 27th November 2019 whereby DEA endorsed the findings and recommendations of the mission. On the scaling up of PTSLP beyond project completion to all coastal blocks, DEA informed that it will review the request that the Government of Tamil Nadu will submit in due course, and will make an informed decision as to potential allocation of a portion of the IFAD additional financing to support scaling up PTSLP. DEA also confirmed that the Government of Tamil Nadu would need to demonstrate that it has mobilized additional resources for the scaling up phase.

Key mission observations and conclusions;

5. The project has a new senior management team of Project Director and Joint Director since last JRM who are steering the project implementation in additional districts and closure related activities in existing districts. Project Director has steered the exit strategy with well-structured learning events for TNCDW on project innovations, arrangements being made for systematic handing over PLFs to TNCDW. Similarly co-ordination with Department of Fisheries has improved. The mission notes that largely the recommendations made in last supervision mission and two implementation support missions are implemented².

²Out of the total 56 recommendations in the last supervision mission, the project has completed action on 47 (84%) and the pending actions are related to closure.

6. In existing districts, the project has achieved 98% loan disbursement and has fully achieved and in certain instances overachieved its physical output and outcome targets. The project has initiated closure related activities. Since October 2019 only skeleton staff remain to strengthen PLFs further in existing districts. Since the rationalisation of different loan funds (MED, IGA) etc., in PLFs, there is accumulated balance of Rs.55.3million lying idle in the banks. The project has to facilitate PLFs to utilise the funds effectively. The repeat loans to JLGs formed for enterprise promotion needs attention, which have to be facilitated by fresh MOUs with NABFINS/banks and PLFs and also training book keepers to develop sound proposals. Fishers related activities are affected by natural disasters, declining catch and also governance/management issues in few fisher federations. Working capital funds provided to Fisher federations are under-utilised which have to be rationalised. PFARM, the innovative mutual insurance for fishing assets, is gaining acceptance among the community and has potential to be scaled up. The trial runs of the community owned mango pulp plant have been undertaken during the year and will need governance oversight. The overall performance of the program in existing districts is rated satisfactory (score=5).

7. In additional districts the project has achieved 38% of loan disbursement. Concerted and focused efforts have been made in restructuring the PLFs into vibrant institutions and improving the member base. There is urgent need to improve the SHG base of PLFs from the average of 30 to at least 50 to make PLFs sustainable. With BDC arrangement being put in place for SHG and JLG lending, the PLFs are likely to become financially self-sufficient. The flow of commission to PLFs has to be streamlined. There is appreciation from the community on the quality of training provided for income generation activity; which needs to be followed up with starting the activity with facilitation for loans. The sub sector activities have gained momentum and the outreach targets are achieved. Two out of three fisher federations are weak with significant over dues, which need to be closely monitored. The implementation towards closure has to be closely monitored for completion of infrastructure works and artificial reef deployment. The overall performance of the program in additional districts is rated as moderately satisfactory (score=4).

8. **Scaling up PTSLP initiatives;** Rural Development Department, Government of Tamil Nadu has initiated the process of establishing a separate institution to provide continuous support to the livelihoods of the coastal communities and households in the coastal blocks. The strategic objectives of the proposed entity, among others are: Promoting community managed Farmer Producer Organizations for improving the market linkages; Developing and implementation of appropriate risk transfer mechanism to the coastal fisherfolk; Forging partnerships with government departments, private sector, Non-Governmental organizations, CBOs, etc. for enhancing efficiency, productivity, sustainable market access.

9. The Post-Tsunami Sustainable Livelihood Programme implemented with the assistance from IFAD is closing on 30 September 2020. Due to unforeseen delays of 2 years in the starting of the programme in the Phase-II districts, cyclone Gaja creating

havoc in three of districts in 2018, the efforts and time for restructuring and renewal of PLFs being prolonged delaying other embedded activities, it is likely that the entire financial assistance from IFAD will not be utilised. There will be about USD 6 to 10 million unspent balance at closure depending on achievements. The investments from the project have just started yielding benefits to the community and there are demands from the producer groups for technical and market linkages. To ensure consolidation of benefits and scaling up, the Government of Tamil Nadu is requesting IFAD to transfer unspent balance as per the assessed absorptive capacity for the intended activities to the new entity, before the closure date. Government of Tamil Nadu will also contribute supporting grant to the entity before IFAD funds transfer.

10. The commitment of the Government of Tamil Nadu to accord priority to the improvement of coastal livelihoods by scaling up of PTSLP initiatives is a welcome development. However, the proposal has to be concurred and approved by both Ministry of Finance, Government of India and IFAD. The mission finds that support for a) Scaling up the innovative fisher asset insurance coverage to 35,000 fishers through the existing PFARMS, b) enabling 50,000 women and men through their Producers Collectives for market linkages and technical support would be the key priorities. Subject to approval, the IFAD financing will be used only in the coastal panchayats and GOTN grant could be used in other areas in the Coastal blocks.

11. The decision regarding the new institution has to be concluded by December 2019. The necessary Government procedures for merging the PMU and its sub units with the new entity will have to be completed by February 2020.

B. Overview and Project Progress in old and new districts

Component 1. Coastal Area Resource Management;

12. *The performance of the PTSLP under this component in existing and new districts is satisfactory (score=5) as all activities planned under this component in 2018-19 and cumulatively for the whole project period were either achieved or over-achieved. As against the AWPB of RS. 425 million for 2019 -20, the achievement has been Rs.56.70 million; the major expenditure to be incurred are artificial reef related budgets for Rs. 197 million and livelihood infrastructure for Rs. 68 million.*

Sub-component 1.1. Community resources planning

13. In existing districts, 45 net mending sheds, 50 fish drying yard, 108 PLF buildings, and 633 other infrastructure works have been completed. In additional districts, 12 PLF office buildings, 86 net mending sheds and 20 fish drying yards have been completed. Currently 77 net mending sheds, and 3 fish auction sheds are under various stages of construction. The project has reported that all the under construction structures will be completed by February, 2020 and handed over.

Subcomponent 1.2. Community support

14. Under this sub-component, support is provided to the PLFs in form of technical backstopping by CRC for strengthening PLFs. In additional districts, 127 PLF were restructured, thus achieving the annual and full target of the PTSLP. Cumulatively, contribution from SHG members was mobilised to the VRF to the tune of Rs 6.76 million and PTSLP grant of Rs.27.82 million has been released.

Subcomponent 1.3. Fisheries Resource Management

15. Under this subcomponent, workshops were conducted to discuss fisheries-related good practices, in particular effective ways of ensuring the use of only approved gears and nets. Most district Fishers Federations reported that there has been increased consultations and meetings with Fisheries Department. For fish assets insurance, Fisheries Department at all levels are providing support. In Pulicat, Thiruvallore Fisheries Department has undertaken dredging for better landing and influx of backwaters at the request of fisher federation. For disaster mitigation activities, Fisheries Department has established Source stations along the coast and two way handsets were provided to the project fishers. On follow up from the project, Fisheries Department is taking actions for penalising the ring seine fishers by confiscating the banned nets and gears.

16. Key fisheries management issues continue to be a) fewer fishing days due to bad weather, consequently fish catches and incomes have reduced, b) ring seines and bottom trawlers continue to operate, c) internal conflicts in villages affecting operations of FMS.

17. Deployment of artificial reefs is the major activity under the sub component. In existing districts, 4,050 modules of artificial reefs were fabricated and deployed at 18 sites in 2017, by CMFRI based on consultations with fisher communities. CMFRI has submitted the in May 2019 Impact Assessment of the artificial reefs deployed and the main findings are (i) fishermen reported improvement in their livelihood, with decrease in scouting time and fuel consumption; (ii) Many sites have responded with reappearance of lost groups of fishes; (iii) the annual biomass flux shows an increase of 300 times the standing stock biomass for the area; (iv) the sites show immense resilience of a sustainable reef and rich habitat to fishing pressures; (v) the hook and line gear when operated over a reef site gives close to 70% increase in income over the non-reef site with similar fishing trials.

18. The project is in the process of deploying 1,650 modules of artificial reefs in 6 sites in the additional districts. Fabrication of the modules is underway and deployment will be done by February, 2020. The project is proposing additional 11,550 modules in 42 sites. PMU is proposing to engage National Institute of Ocean Technology for the site identification, finalising the module designs. IFAD has provided a conditional no objection to the proposal that the identification, fabrication and deployment has to be completed by 31 March 2020.

Actions	Responsibility	Deadline	Status
<p>Artificial reefs fabrication</p> <p>Considering the limited time available, the identification of sites and fabrication of modules be undertaken concurrently.</p>	PD, JD,EE	Nov 2019	Agreed
<p>Artificial reefs deployment</p> <p>Deployment to be completed by 31 March 2020 since IFAD financing will be available for the project activities completed by this date</p>	PD, JD, EE	March 2020	

Component 2. Rural Finance, Risk transfer instruments

19. The overall performance *is satisfactory (score=5)*. The achievement under AWPB for 2018-19 for existing districts was 78%. There is no separate component in additional districts. In all, as against the target of 7,000 SHGs, as of 30 September 2019, 7,786 SHGs are operational, with 111,993 members with accumulated savings of Rs. 111.99 million. PTSLP exerted considerable effort in improving credit discipline and this is reflected in the significant decrease of over dues in the VRF portfolio.

Subcomponent 2.1. Patient capital fund

20. As per MOU with NABFINS, a total of 1,300 JLGs in existing districts and 1,000 JLGs in additional districts were to be financed and as of 30 September 2019, 1,280 JLGs in existing districts benefitting 6,124 members and 188 JLG in new districts benefitting 940 members have been financed. The project has released Rs. 70 million as patient capital assistance to NABFINS out of which after disbursements and recovery, Rs.54.8 million is available as of 30 September 2019.

21. The poor achievement of targets in additional districts are due to the following factors; though the interest rate has been negotiated in January 2019, the sponsoring of applications have been negligible. Moreover, with many MFIs operational in some of the coastal Panchayats, the rejection rate of members based on credit bureau reports³ have been high by NABFINS, resulting in re-organisation of JLGs. With Indian Bank partnership materialising, JLG applications have been fielded to them.

³NABFINS is doing credit bureau check. If a member is having two loans and or loan amount exceeds Rs100,000 including the proposed loan, then the application is rejected. Credit bureau check is mandatory for all MFIs and enforced by their industry association. Public sector Banks usually do not do credit bureau checks though RBI has issued instructions that this is a good practice to be followed. The MFI presence is high in Thoothukudi, Tirunelveli and Kanyakumari districts.

22. In existing districts, as of 30 September 2019, 419 JLGs have outstanding loan of Rs. 9.6 million. As per project MIS 203 JLGs have over dues of Rs. 7.09 million. However, NABFINS mentions that 333 JLGs have over dues of Rs. 9.62 million. Reconciliation of accounts with NABFINS continues to be an issue in existing districts. Legal notices are being issued to chronic cases of loan default. In additional districts 94 JLGs have an outstanding loan of Rs. 4.4 million with no over dues.

23. **Conversion of PCA to equity;** The repayments from the patient capital fund of INR 50 million are to be converted into equity of NABFINS by April 2019. As per MOU NABFINS is to fulfil the conditions of lending to 1300 enterprises and Rs. 250 million total loans disbursed before conversion to equity. The achievement is 1280 JLGs financed with loans of Rs. 220 million. The shortfall can be attributed to a) the project not sponsoring adequate numbers of applications to NABFINS due to interest rate issues, b) repeat loans to JLGs was not forthcoming to the desired extent. Moreover, amount of loans are as per the requirement of members and hence though the targets for number of applications are substantially achieved, the loan amount is falling short. It is highly desirable that the project converts PCA to equity during the project tenure so that the GOTN can earn dividends. Otherwise the PCA will remain a grant to NABFINS.

Actions	Responsibility	Deadline	Status
Patient capital conversion to equity; NABFINS to provide a letter for conversion of Rs. 50 million to patient capital; over dues in patient capital if any will be written off before the last round of conversion.	MD NABFINS, PD	December 2019	Agreed
Reconciliation of overdue amount NABFINS to share JLG wise monthly repayments received and district wise joint visit by SRFM and NABFINS staff to do final reconciliation. Project MIS and NABFINS data to be synchronised.	JD, SRFM	December 2019	Agreed
Better management NABFINS, in new districts, needs to ensure: a) deploying own staff to centre meetings, b) ensuring that PTSLP involves book keepers of PLFs in management of loan recovery, c) reconciliation of recoveries on monthly basis, d) The commission flow to PLFs to be smooth.	JD, SRFM	December 2019	Agreed

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Subcomponent 2.2 Micro-credit for SHGs and JLGs

24. Credit flow for both SHGs and JLGs has been robust during 2018-19 and also in current year. With 107 out of 109 PLFs now acting as BDC for ICICI, TNGB, Indian Bank, the credit flow to SHGs/JLGs are improving with opportunity for PLFs to improve their incomes and be sustainable. In additional districts, the BDC arrangements have been forged for SHG lending in 104 PLFs and JLG lending in 124 PLFs.

25. **Self Help groups;** In existing districts, cumulatively Rs. 3,393 million of loans have been mobilised for SHGs. As of 30 September 2019, 2,383 out of 4181 SHGs (57%) have loans outstanding of Rs.380 million. 95% of SHGs credit linked during 2018-19 and 72% during 2019-20 are through BDC arrangement. Over dues are Rs. 0.06 million at 0.15% of loan outstanding. In additional districts, cumulatively, Rs. 492 million have been disbursed to 1258 SHGs. 83% of SHG credit linkage in 2018-19 and 48% of SHG linkage in 2019-20 are through BDC arrangement. As of September 2019, 1067 SHGs out of 3884 SHGs (27%) have an outstanding loan of Rs. 296 million. Over dues are Rs. 1.1 million at 0.01% of loan outstanding.

26. **JLGs:** In existing districts, cumulatively, 3,232 JLGs with 15,884 members have been financed till 30 September 2019 amounting to Rs. 699.50 million. 1347 JLGs have fully repaid their loans out of which 461 JLGs (34%) have availed repeat finance. 1,884 JLGs have current loan outstanding of Rs. 165 million out of which 221 JLGs (12%) have over dues of Rs.7.75 million (5% of loan outstanding). In additional districts, cumulatively, 752 JLGs with 3,760 members have been financed till September 2019 amounting to Rs.153 million. 94 loans have been fully repaid and current outstanding is 658 JLGs with Rs. 94 million with no over dues.

27. The commissions that are earned by PLF under the BDC arrangement are not automatically flowing to PLFs and there is backlog of Rs. 11.1 million in existing districts and Rs. 4.3 million in additional districts.

Actions	Responsibility	Deadline	Status
Maximise linkages through BDC arrangement; In additional districts PLFs to be educated on maximising credit linkages through BDC to ensure adequate monitoring and income.	SRFM, M&E, DIOs	Immediate	Agreed

Commissions under BDC arrangement; facilitate automatic commission disbursement from branches every month	JD, SRFM,DIOs	Jan 2020	Agreed
Book keeper training; Train book keepers in JLG loan and business plan preparation to ensure repeat financing.	SRFM, M&E,	Jan 2020	Agreed

Subcomponent 2.3 Financial innovation

28. The kitchen waste based biogas and roof vegetable garden are the two loan products offered under product innovation fund. The kitchen garden initiative had to be discontinued. Cumulatively, 703 bio gas plants have been constructed in existing districts, 18% of plants are not operational, 352 members have an outstanding amount of Rs. 1.5 million out of which 317 accounts are overdue with Rs. 1.38 million. Overdue situation is due to a) improper selection of members by CRCs, b) disruption in gas flow, c) wilful default by few. Since the uptake after project period is likely to be low, the product innovations fund are merged with IGAMED funds. In additional districts, out of 226 plants constructed, 225 loans are outstanding with Rs. 1.33 million, only 10 accounts are overdue with amount of Rs. 0.02 million. The service provider Vivekananda Kendra is servicing the plants for any repairs though with delays. Few members in each PLF are also being trained to address the minor repairs that arise in these plants. The kitchen waste based bio gas has been up scaled by RD departments in their institutes.

Actions	Responsibility	Deadline	Status
Maintenance of bio gas plants Facilitate MOU between Vivekananda Kendra and PLFs where bio gas units are constructed for need based maintenance services	JD,EDM	February20 20	Agreed

Subcomponent 2.4 Risk management and insurance

Vulnerability reduction fund;

29. In existing districts, VRF fund amounts to Rs. 41.63 million with PTSLP grant of Rs. 32.58 million and community contribution of Rs. 9.05 million. Cumulatively 36,838

loans have been disbursed to the tune of Rs. 201.72 million. As of September 2019, 4789 loans are outstanding to the tune of Rs. 20.2 million. 978 (20%) accounts with 8.5% of loan amount are overdue as of Sept 2019. The over dues in VRF are overall well contained as compared to previous JRM.

30. In additional districts, Vulnerability reduction fund has been created in PLFs in 2018-19. As of September 2019, community contribution has been Rs.6.76 million, PTSLP grant has been Rs. 27.81 million totalling Rs. 34.58 million. So far Rs. 14 million has been disbursed to 1,988 members and loan outstanding is Rs. 8.91 million. Thus nearly Rs. 26 million of the funds (75%) are idle at banks. 38 loans are overdue amounting to Rs.27,600 in Thanjavur district. Confusion regarding eligible purposes, control on loan applications by insisting prior clearance by few district officials and also less confidence of Governing body of PLFs have led to low disbursement.

Actions	Responsibility	Deadline	Status
<p>VRF recovery;</p> <p>In new districts introduce zero tolerance of over dues and immediate follow up after a single day overdue.</p>	JD, M&E	Nov 2019	Agreed
<p>VRF utilisation;</p> <p>PLFs in additional districts to be provided clear guidance on eligible purposes, loan appraisal and also recovery monitoring.</p> <p>Disbursements of VRF grants from the project to PLFs to be made only till Dec 2019 to ensure proper usage during project tenure.</p>	JD, M&E	Dec 2019	Agreed

31. **Insurance:**This has been implemented only in existing districts. The MOU with the insurance company, United India Insurance, has come up for renewal in January 2018 and due to division of different departments in the insurance company, there have been delays and the project needs to follow up and negotiate MOU for next three years.

32. **PFARMS:**The innovative mutual insurance product for fishers' assets has gained momentum with 7,538 boats and engines being insured as of March 2019 and during 2019-20, the enrolment has been 6,261. The renewal rate has been about 60%. This initiative, which has gained the support of Fisheries Department and District Administrations, is set for scaling up. The Director, Fisheries Department, is keen to

enrol 35,000 artisanalboats under PFARMS. The premium collected was Rs. 5.3 million during 2018-19, with Rs. 2.45 million being passed on to United India Insurance Company, for insuring co-variant risk. 12 claims have been settled for Rs. 0.46 million for individual risks managed on mutual basis and 187 claims have been settled by the insurance company for the damage in Cyclone Gaja to the tune of Rs. 2.7 million. Renewal of MOU with United India Insurance Company every year leads to uncertainty and delays. Frequent change in CEO is to be avoided.

Actions	Responsibility	Deadline	Status
<p>MOU with UIIC for micro insurance</p> <p>Pursue with UIIC for renewal of MOU for insurance policies for personal accident, health and hut.A three year MOU to be facilitated.</p>	JD, M&E	Dec 2019	Agreed
<p>MOU between PFARMS and insurance company</p> <p>Enter into 3 year MOU with negotiation only for premium rate every year.</p>	JD, CEO PFARMS, M&E	Dec2019	Agreed

Component 3. Employment generation & skills training

33. *In existing districts, the performance is rated moderately satisfactory (score=4).*With withdrawal of CRC staff, the PLFs are managing their own work. 78 out of 109 PLFs (72%) are financially sustainable with adequate income to pay for the book keepers; the others need to establish more SHGs/ JLGs and also sponsor more applications through BDC arrangement. Large balances of IGA/MED loan funds lying idle due to project restrictions on loan size of Rs.15,000 is not desirable. Dairy sub sector is turning around with inclusion of more dairy farmers into federations. The mango pulp plant has been made operational. Except Thiruvallore federation all other fisher federations have considerable over dues due to less fish catch, reduced number of fishing days due to weather warnings as well as management issues.

34. *In new districts,* the performance is also moderately satisfactory (score =4). Out of 127 PLFs, 116 have been restructured and registration has been renewed. The income generation trainings have been highly appreciated. 6 sub sector activities are operational though with some delays in implementation. The outreach on fishers related activity have been achieved; however the performance of FMS is weak overall, with over dues and management issues in newly formed federations. JLGs of fish vending women are performing very well in both existing and additional districts.

35. As against the AWPB budgets for 2019-20 of Rs. 279.7 million, the expenditure till 30 September 2019 have been 49.6 million.

Subcomponent 3.1 Support for SHGs rates as satisfactory = 5

36. As of 30 September 2019, 4,182 SHGs with 62,063 members are functional in 109 PLFs existing districts and 3,604 SHGs and 49,930 members are functional in 127 PLFs in new districts, thus achieving 111% of project target for SHGs mobilised and slightly exceeding the PLF target.

Existing districts:

37. The major activity during the year is trainings on detailed operational manual⁴ to PLF leaders and book keepers. Due to election held recently, the new EC members need similar training. Moreover, PLFs are still unsure about utilising their income other than subscription fees for expenditure including payment of book keeper salaries. Control of DIO/CRCs over PLFs decision-making has been scaled down with withdrawal of staff but the PLF executive committees need to be trained and also coached to make own decisions.

38. The last JRM recommended that the different loan funds – (incentive funds, IGA funds, VRF, product innovation fund, MED) are rationalised into two funds – IGA/enterprise fund and VRF. In order to ensure that poor and very poor benefit the upper limit of lending has been kept as Rs.10,000 but members demand at least Rs. 25,000 for starting IGA. Rs. 31 Million of IGA fund is lying idle with in banks.

39. **Additional Districts:** Overall, 127 PLFs have been restructured; dormant SHGs revived, habitation level federations were constituted, elections of governing body were conducted, accounts audited, registration renewed for 116 PLFs and trainings have been conducted for EC members. Thus the basic institutional strengthening efforts have been carried out. Learning from the existing districts, the project is ensuring that the book keepers are visiting SHGs as well as JLGs. With BDC arrangement in place for 104 PLFs with Indian bank, the PLFs are on the early stages of financial sustainability but will need support till project completion.

40. **SHG MIS** - The project is now aligning with TNCDW for SHG transactions in MIS e – mathi. While the basic member data of SHGs have been input, the monthly transactions are pending modifications in e mathi; a) opening a separate category of PTSLP SHGs, b) IGA loan module to be introduced. Bookkeepers are not inputting SHG data in project tally software anymore and the savings and loan details are maintained manually/ excel sheets.

⁴Detailing out roles and responsibilities, operational guidelines of different funds, and also sources of income for managing expenditure.

41. **PLF accounts and MIS**; PLF accounts are maintained in Tally software. Both SHG and PLF accounts have been audited till March 2019.

Actions	Responsibility	Deadline	Status
Utilisation of loan funds Empower EC members to sanction local need based loans by setting broad guidelines. Provide training to EC members on loan appraisal, loan monitoring. Ensure that at least 75% of loan funds are lent out by January 2020.	PD, JD, M&E	Jan 2020	Agreed
Clarify to PLFs to use their income for expenditure Provide clear guidance on the sources of income and how they can be used to pay for expenditure including book keeper salary	JD, M&E	Dec 2019	Agreed
Training of PLFs Since EC of PLFs have been reconstituted recently in existing districts, provide training on operational manual especially on decision making on key aspects of PLF functioning.	JD, M&E	Jan 2020	Agreed
SHG MIS Expedite customisation of e - mathi to accommodate PTSLP requirements and complete SHG transactions entry	PD, MD, TNCDW, JD,C&IT	Jan/2020	Agreed
Training of book keepers Provide training to book keepers in existing and additional districts on business plan proposal for JLGs and also on accounting aspects	JD, M&E	Jan 2020	Agreed
Payment of honorarium to book keepers Provide for honorarium support to book	PD, JD, M&E, FM	March 2020	agreed

keepers in additional districts till September 2020			
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Subcomponent 3.2 Formation of FMS; rated as moderately unsatisfactory =3

42. The AWPB for 2018-19 was Rs. 246.6 million and achievement had been Rs.122.4 million. The shortfall had been due to funds for buildings for FMS, federations, equipment for FMS and fish vending women and service provider costs not getting disbursed. The AWPB for 2019-20 is Rs. 216.5 million out of which the achievement is 14% as of September 2019.

43. The sub-component is implemented by SIFFS, and as at 30 September 2019, a total of 120 FMS were formed and registered (71 in old districts with 3782 members and 49 with 2297 in the new districts). As against the project target of 5,800, as of September 2019, 6,279 fisher men have been facilitated to redeem their usurious debts to traders and gain from the joint marketing of fish. 21 FMS (30%) in existing districts⁵are non-functional (last mission reported 16 to be non-functional) due to issues of a) harbours becoming operational with fish landing shifting to harbours, b) usage of banned gear in Nagapattinam and Cuddalore districts, c) mouth of estuary getting closed in Thiruvallore, d) internal clashes among community in few FMS in Kanyakumari.

44. The fishers enrolled with FMS have mobilised total savings of Rs.19.6 million in existing districts and Rs.9.99 million in additional districts amounting to Rs. 29.59 million registering a decrease from Rs. 37.41 million, since the last mission. Fishers withdraw savings to tide over cash flow issues. Assessment of FMS income and expenditure data for 2019-20 till September 2019 suggests that most of them are making profits but for 22 in existing districts including the dormant 18 FMS and 19 FMS in additional district who are in losses. With onset of fishing season since October, the situation is expected to improve during the year.

45. With regards the performance of the federations, in additional districts, three fisher federations have been formed and are nascent. They will need further strengthening for the project duration with management support for staff salaries, building and furniture. Thoothukudi, Tirunelveli fisher federation will need working capital support. In existing districts, CVK and Nagapattinam federation continue to be a matter of concern with Kanyakumari also showing slippage. Thiruvallore federation is performing very well with nil over dues among fishers, most FMS being functional and in profits. On loan performance, as of Sept 2019, 1.919 fishers have outstanding loans of Rs. 36.9 million out of which 52% of the accounts and 52% of amount are overdue in existing districts. The project and SIFFS has put in place a process for redressing the performance of these CVK and Nagapattinam federations starting by setting a timeline

⁵2 FMS in Thiruvallore, 8 in Nagapattinam, 8 in Kanyakumari and 3 in Cuddalore.

for the recovery of over dues. Similarly the FMS in Thiruvavur, Thanjavur and Ramanathapuram are recording low fish sales and thus recovery is affected.

46. Overall, the recorded fish catch and sales data suggests that there has been a gradual decline in these outputs. Project and federations need to capture more accurately the data on fish catches and sale value both from fishers as well as from fisheries department.

47. The working capital provided to Nagapattinam federation and Kanyakumari federation are under-utilised and have to be restructured. The fish net working capital is also unutilised waiting for season to pick up. However, before Ocki cyclone the sales had been robust and profitable. Out of 8 auction halls/procurement centres, 2 are being used for procurement, 3 have been damaged due to cyclones, 2 are being used as community hall and one has to be converted to fish storage for JLG women and equipment shifted to another centre due to change in place of fish auction. Out of three boat yards, one is functioning in Kanyakumari, one in Nagapattinam is damaged in Gaja Cyclone and one in Thiruvallore district needs revival with the support of fisher federation.

48. Fish vending women from poorest strata have been mobilised into JLGs with access to savings in individual accounts in banks, credit at reasonable interest and also insurance cover. 6,370 women in 1,287 JLGs in existing districts and 2,548 women in 540 JLGs have accessed loans and the current loan outstanding is Rs. 86.6 million in existing and Rs. 27.24 million in new districts with no over dues. The provision of ice boxes, solar lanterns, to fishers and fish vending women with 25% member contribution, have been found to be very useful.

Actions	Responsibility	Deadline	Status
<p>Recovery of over dues</p> <p>a) Pursue with CVK and Nagapattinam federations the plans for overdue collection.</p> <p>b) Ensure with the fishing season setting in FMS based sales in the additional districts.</p> <p>c) Pilot EMI based repayment to ensure repayment of loans.</p>	SIFFS/ fisher federations, JD, M&E	Jan2020	Agreed
<p>Restructuring working capital funds</p> <p>Revise the upper limit of working capital from RS. 3 lakhs to Rs. 5 lakhs keeping in view field reality.</p> <p>Out of Rs 50 lakhs provided to Kanyakumari</p>	SIFFS/ fisher federations, JD, M&E	December 2019	Agreed

<p>federation, allocate Rs. 20 lakhs for Thoothukudi Tirunelveli federation as working capital.</p> <p>Utilise the working capital provided to Nagapattinam federation for lending to new JLGs of fish vending women.</p>			
<p>Functioning of boat yards, fish procurement/auction halls</p> <p>Ensure revival of boat yard in Thiruvallore by co-opting the fisher federation.</p> <p>Draw up plans for utilising the procurement/auction halls</p>	<p>SIFFS/federations/PD, JD, M&E</p>	<p>Feb 2020</p>	<p>Agreed</p>
<p>Quadripartite Agreement with SIFFS and supporting District Fishermen Federation and new fisher federation</p> <p>Enter into a quadripartite agreement with SIFFS, federation of existing federation and the new federation for continued monitoring of FMS and JLGs, and submit quarterly monitoring data to TNCDW</p>	<p>PD, JD, SIFFS, federations</p>	<p>Dec 2019</p>	<p>Agreed</p>
<p>IT solutions for Real time monitoring</p> <p>Enable fisher federations to go for app based IT solutions for tracking of loan performance.</p>	<p>JD, M&E</p>	<p>Dec 2019</p>	<p>Agreed</p>
<p>Seed money to FMS in additional districts</p> <p>Keeping in view the need for managing cash flows for timely settlement of member dues, increase the seed money to FMS from Rs.50,000 to Rs. 1 lakh. This will be provided only for FMS with no over dues for past two months.</p>	<p>JD, M&E</p>	<p>March 2020</p>	<p>Agreed</p>
<p>Additional income options for Fish vending JLGs</p>	<p>JD, M&E</p>	<p>January 2020</p>	<p>Agreed</p>

Explore the avenues for additional income options to the interested and willing Fish vending JLGs through the Fisher Federations			
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Subcomponent 3.3 Microenterprise development (equivalent to Agriculture and off-farm livelihoods and enterprises in additional loan) is rated as satisfactory =5

49. MED: PTSLP initially pilot-tested enterprises in a group mode with 0% interest loans from MED funds provided to PLFs in existing districts. In all, 189 enterprises were established with funding support of Rs.45.26 million out of which 101 MEDs have fully repaid their loans, 88 are repaying and the loan outstanding Rs. 10.4 million is overdue. 159 enterprises are functional. District staff along with PLFs, are recovering loan repayment including issuing legal notices to wilful defaulters.

Joint liability groups:

50. The major enterprise promotion has been through formation of Joint liability groups of women having the same trade and facilitating credit for grounding of the enterprise. Cumulatively, till 30 September 2019 3,232 JLGs with 15,884 members have been financed in existing districts and 752 JLGs with 3,760 members in additional districts. The members of commodities such as dairy, dry fish vending, vegetable cultivation, palm leaf, palm Gur, sea weed collection etc., have been demanding additional technical training and also market linkages. The demand and potential for collectivisation is high. In the JLGs visited by the mission, the income increase of members have been substantial ranging from Rs. 5,000 to Rs. 10,000 per month. The JLGs in existing districts have generated employment for 1.92 persons. The per person wages generated during the year as of September 2019 has been Rs. 4830. JLG members have savings of Rs. 20 million.

51. **Training on income generation activity(IGA):**In additional districts, during 18-19 and 19-20, 3,057 women have been given training in different trades. Tailoring training for 30 days covered 2,148 women out of which 60%⁶ are carrying out the activity with average income reported is Rs. 4,000 per month. The other trades covered are poultry where the DIOs are converging with animal husbandry department for provision of chicks; palm leaf where trainees are being collectivised and convergence with KVIC is being forged for setting up common facility centre; bag making; fish amino acid organic manure etc., Most of the trainings have been in Ramanathapuram district. Two key issues are a) in clusters set up with convergence there are gap filling funding needed for setting up units, b) In Ramanathapuram, there is high demand for IGA loans since new SHGs have low level of savings to raise adequate loans.

Actions	Responsibility	Deadline	Status
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⁶407 are placed with commercial ventures, 304 have local business tie ups, and 584 are self-employed.

IGA loans in Ramanathapuram; Ensure adequate IGA loans for start-up of the activity. Funds to the tune of Rs. 1 crore in the pattern of existing districts for IGA lending to be provided to Ramanathapuram PLFs.	PD, JD, EDM	Dec 2019	Agreed
Collectivisation; Fulfil the demand for collectivisation for input purchase and market linkages by facilitating federations/ FPOs with funding from the special institution to be formed by Department of RD for upscaling the PTSLP initiatives	PD, JD, EDM	March 2020	Agreed
Gap filling funding for convergence; Assess the gap in funding from convergence with KVIC, Agri engineering etc., and provide funding from the project subject to 10% of the total costs.	JD/EDM		Agreed

Sub sector interventions;

52. **Dairy value chain intervention by Hand in Hand;** Hand in Hand, under zero cost extension by a year, continued to hand hold the federation of dairy animal rearers and building their governance capabilities, restructuring the operations to be managed efficiently, market linkages with more procurers with increase in the remuneration at Rs. 32 per litre and developing a business plan for cost coverage⁷. The major achievement has been ensuring quality of milk. The federation has turned around registering a net profit of Rs. 0.34 million during the year by procuring milk from 135 non JLG members and increased feed sales. The staff being paid for by Hand in Hand at present, need to be absorbed by the federation by January.

53. At present 203 animals are available⁸ out of which 95 are lactating, 60 animals have conceived and 58 are non-pregnant. The key concern is to increase the number of lactating animals for which fresh loans are needed. The working capital of Rs. 15 lakhs provided to the federation was utilised to lend to 27 members for purchase of animals last year; during the current year the available amount is being utilised to pay milk advance to retain member loyalty. With emerging need for owning a transport vehicle, and also financing for replacement of aging animals, Hand in Hand proposes utilisation of the working capital fund for purchase of a transport vehicle and for offering first loan default guarantee to financial institutions for lending to members. Since HIH will be

⁷ Hand in Hand reportedly spent Rs. 6 lakhs for the same.

⁸ Out of the target of 500 members, 470 were formed into JLGs and only 370 members were provided with first animal.

exiting by March 2020, PMU needs to nominate a strong PLF to mentor the dairy federation.

Actions	Responsibility	Deadline	Status
Financing of animals Use the working capital, to provide first loan default guarantee to secure loans for animal financing. PMU to bring in bank partnership through the PLFs and dairy federation	JD, EDM, SRFM	Dec 2019	Agreed
PLF and dairy federation linkage Nominate an active PLF to continue to mentor and monitor the federation	JD, EDM,	Dec 2019	Agreed

54. **Mango pulp unit:** One of the remarkable achievement of the project is the trial run of mango pulp plant in July 2019. The Nagai Organic Farmers Producer Company Ltd (NOFPCL) has established the mango pulp unit, at a total cost of Rs. 104.41 million with PTSLP funding of RS. 86.6 million and community contribution of Rs. 17.74 million. 3300 members own the company. Since statutory clearances for licences have been pending without which working capital loan will not be available, NOFPCL mobilised loans from the community to make the trial run. 78 MT of mangoes have been processed with good recovery rate of 60% and marketing tie ups have been made with Maa Fresh Company which also exports. Since the crushing was done at end of season when the raw material prices were high the unit has incurred loss of Rs. 1.4 million. With the mango production going down drastically due to the Gaja cyclone, NOFPCL has tied up with mango producers in Krishnagiri to procure at least 1000 Mt of Mango for processing. NOFPCL is planning to process to guava for which they need to mobilise working capital at reasonable rates. Technical assistance from CCD has been minimal since last one year. The unit has to get all necessary licenses. In order to ensure continued good governance, an advisor has to be appointed without further delay.

Actions	Responsibility	Deadline	Status
Partnership with Samunnati Facilitate tie up with Samunnati financial services which not provides loans but also provides institutional building advice.	PD, JD, EDM,	Nov 2019	Agreed
Appoint advisor to the board of NOFPCL An advisor to be appointed to the Board of	PD, JD, EDM	Dec 2019	Agreed

NOFPCL; the advisor has to send a report on the proceedings of Board to PTSLP			
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Additional districts:

55. Paddy and millets; In Ramanathapuram, 73 PPGs with a membership of 1312 members have been formed as against the target of 1000. 14 technical training programmes covering 752 members has been completed. 1449 acres of traditional paddy and 48 acres of millets have been cultivated and the millet acreage is expected to reach 600 acres. CCD formed FPO has been renamed and office registered in project area and the Board of Directors are all from the project members. 510 PPGs members contributed Rs.4.95 lakhs as share capital. CCD has tied up with Sresta Natural Organic Pvt. Ltd There have been frequent change in specifications of processing machinery from CCD and is yet to be sanctioned by the project.

56. Moringa cultivation and marketing; As per MOU with SMDS, 800 members⁹ have been selected and provided technical trainings. Area covered included 357 acres of existing farmers, 128.91 acres of non loanee farmers and 137.5 acres of loanee farmers. In first cutting, leaves, drumsticks, seeds and moringa honey have been sold for Rs. 1.19 million. While oil expeller has been` established the other processing plants are yet to be installed and specifications have to be submitted and approved by the project. Market linkages have been forged with five companies including two exporters. There is demand for collectivisation into FPO for ensuring market linkages and sustainability of the initiative.

57. Goat rearing; SEVA, NGO has been engaged for mobilising and improving incomes of 3000 goat rearers¹⁰, the outreach achieved has been 2458¹¹. The interventions are largely intensive training community livestock volunteers, training for goat rearers, conducting animal health camps and promoting fodder crops. Detailed data in Pudukottai show that mortality has come down to 1.6% in September 2019 as compared to 20% in August 2018 and herd size has increased by 79% between the period and the interventions have also resulted in 36% weight gain in sample goats. CLVs are providing services free of cost, which is not sustainable. The convergence with Veterinary department has to be stronger.

58. Jasmine value chain; SMSSS, NGO has been engaged for improving incomes of jasmine farmers through value chain activities. The outreach targets of 500 members

⁹(300 farmers with existing plantations, 225 non loanee farmers, 275 loanee farmers to be formed into JLGs)

¹⁰(1000 goat rearers each in Pudukottai, combined in Thanjavur and Thiruvavur districts and 1000 combined in Thoothukudi and Tirunelveli districts)

¹¹658 in Pudukottai, 613 in Thanjavur and Thiruvavur and 1187 in Thoothukudi and Tirunelveli districts.

have been achieved with 400 members being mobilised for jasmine cultivation, 50 members mobilised for mother plant maintenance, 25 members for new mother plant cultivation and 50 members for jasmine selling. All the members have received technical training on cultivation and improved practices as well as training on marketing. As against the target of 200 acres the cultivation is being taken up in 240 acres; cost of production has been reduced between 50 to 70% due to adoption of organic inputs, sales value has increased by 20% due to direct sales through two federations established. The reported annual income increase per member is Rs. 40,000 for jasmine cultivators, Rs. 80,000 for mother plant maintenance and cultivation, Rs. 120,000 for flower sellers.

Actions	Responsibility	Deadline	Status
<p>MOU with service providers</p> <p>All sub sector interventions except goat will need continued hand holding for consolidation, collectivisation and market linkages. Enter into MOU with service provider for such support for next two years</p>	PD, JD, EDM	Feb 2020	
<p>Moringa value addition machinery and millet processing, sea weed</p> <p>Ensure that the machineries for value addition are installed by Dec; Assess the gap in funding from convergence with Agri engineering etc., and provide funding from the project subject to 10% of the total costs.</p>	JD,EDM	Dec 2019	Agreed
<p>Goat rearing Ensure that CLVs provide services on fee basis to ensure their sustainable service delivery; ensure linkage with Veterinary Department for health care.</p>	JD, EDM,	Dec 2019	Agreed

59. **Subcomponent 3.4 Vocational training.** Based on the very mixed results of earlier rounds of vocational training where the placement record was only approx. 23% for the 5216 people trained, the 2017 JRM recommended to drop this activity from the annual work plan.

60. **Component 4 – Community-based Sea Safety & Disaster Management.** The main activities of this component have already been completed in existing districts and have not been planned in the design for new districts.

C. Effectiveness and Development Focus

i) Development Effectiveness

61. **Likelihood of achieving the project development objectives** is rated *satisfactory (score=5):in existing districts and moderately satisfactory (score=4) in new districts*. The project is on track to achieve the objective of "*Viable enterprises and resource management systems, owned and operated by poor men and women in the region affected by the tsunami and supported by community and other appropriate institutions*" in existing districts. According to AOS 2018 conducted in existing districts, 83% (84% in 2017) of project beneficiaries access formal credit, and 36% (44% in 2017) use the loan for income generating activities (IGAs). The recovery in the Tsunami affected areas can be measured by the increase in the number of people who consider they are in the average wealth category (23% to 42%) and reduction in the poor and very poor categories (77% to 66%) over the last 6 years.

62. The program is also reporting year on year changes in income category of project beneficiaries: while 58% of project households earned more than Rs. 8,000 month in 2016, this ratio increased to 70% in 2017 and in 2018 the ratio has dropped to 33% primarily due to two of the largest districts getting affected by severe cyclones¹²affecting 60% of the population in the districts. The lowest income category, less than Rs. 4,000 reduced from 11% in 2016 to 8% in both 2017 and 2018 which is encouraging. On the aspect of resource management, the current challenge in fisheries management and environmental degradation are very serious and wide spread, they go beyond the scope of the project and require that community institutions work closely with the concerned Fisheries Dept.

63. The log frame analysis by key outcome is presented below;

64. **Outcome 1:** *About 375,000 people benefited by the infrastructure facilities developed by the project:* Community infrastructure developed by the project is highly appreciated and there is demand for more fish net mending halls, fish drying yards, and supply of potable water in both existing and new districts. The maintenance of the infrastructure is adequate particularly when managed by the PLF. According to the project's MIS, approximately 351,514 persons are benefitting from 922 completed community infrastructure works.

65. **Outcome 2:** *increased fish catch due to deployment of artificial reefs:* the project has deployed in *existing* districts, 4,050 modules of artificial reefs at 18 sites. The assessment report of the Central Marine Fisheries Research Institute (CMFRI) conducted in March 2019, indicates, that the artificial reefs are contributing to increased diversity of fish species as well as overall increase in fish stocks in these areas resulting in income increase about Rs. 20 million in 12 sites. In additional districts, the project will

¹²Cyclone Ocki in Kanyakumari in December 2017 and cyclone Gaja in Nagapattinam in November 2018.

be deploying 1650 modules of artificial reefs in 6 sites by February 2020 and additional 11,550 modules in 42 sites by March 2020. However, as indicated in discussions in the field, fish catch in coastal areas is decreasing and this is somewhat offset by increase in fish prices.

66. **Outcome 3:** *At least 75% enterprises running profitably, over 48% of SHGs have bank loans outstanding and all PLFs act as insurance agents:* As per project MIS, 30,361¹³ enterprises have been set up and about 90% are in profits as of September 2019. In the existing districts, PTSLP has overachieved this target as 84% of households access a formal loan. 107 out of 109 PLFs act as BDC for credit linkage and in new districts 104 out of 127 PLFs act as BDCs for credit linkage. 107 PLFs in existing districts are insurance agents of insurance companies; this initiative has not been undertaken in additional districts. 57% of SHGs in existing districts and 27% of SHGs in additional districts have outstanding loans from the banks through project facilitated linkages.

67. **Outcome 4:** *Increased household incomes and savings:* According to the Annual Outcome Survey carried out in 2018, 33% of the households' earn more than 8000 Rs/month, and the number of households who consider themselves average has doubled from 23% in 2013 to 46% in 2018, while poor households decreased from 60% to 43% during the same period. The decline in very poor households is slower from 17% to 13% over the same period. With regards savings, 66% of project households have Rs.8701 in bank and 82% have Rs.5501 in SHG and the average amount of savings per project household is Rs. 11,958. As per project MIS, the accumulated savings of project SHGs, JLGs, producer groups, fishers amount to Rs. 1146 million with per member savings of Rs. 7,551.

Targeting and Outreach

68. This is rated *satisfactory (score=5)*. PTSLP achieved 80% of the project outreach target of covering 230,000 households by covering 183,800 in existing and additional districts. Through livelihood mapping and other PRA exercises the targeting has been sharp and inclusive. Field interactions with members of PLFs, SHGs, JLGs and fisher federations show case that the project delivery of Technical trainings, microfinance, insurance for low value assets, and support to coastal fishers and fish vending women has enabled PTSLP to target the poorer households within the project area. Moreover, the program MIS tracks participating beneficiaries by wealth category.

Gender equality & women's participation

¹³Includes 19793 members in JLGs, 2852 in producer groups in mango, vegetable and medicinal plants, 6079 members in Fish marketing societies, 1312 members in paddy and millet groups, 500 in jasmine related JLGs, 900 moringa. Fish vending JLGs and sea weed JLGs are considered as income generation activities.

69. This is rated *satisfactory* (score=5). 151,306 persons are receiving project services of whom, 120,911 are women. Women are involved in all project activities except sea faring and are main target groups for financial inclusion, enterprise development including sub sector activities, fish vending and drying, income generation trainings and management of community infrastructure especially the RO plants. Men are involved in fisheries related activities as well as agriculture producer groups. Most of the enterprises are women owned and managed and with additional employment generated through these enterprises the women's management skills, decision making powers are on the rise. Women's interaction with Government line departments at block and district level has improved through bi-annual review meetings. The male dominated Federations of Fish Marketing Societies have initiated joint liability groups of fish vending women and there is overall appreciation of discipline of women and also their contribution to the sustainability of the federations.

Sustainability and Scaling-up

70. *Performance is rated as satisfactory* (score=5). The likelihood of project sustainability is positive given good prospects of social and financial viability of the key grassroots organizations supported by PTSLP Viz., PLFs/SHGs/JLGs, Fishers Federations/FMS, and NOFPCL and also enterprises promoted.

71. **PLFs/SHGs/JLGs;**As a result of project support and BDC arrangement for loans, in existing districts, 80% of PLFs are financially sustainable and are able to bear their costs and will not require Government subsidies for operations. With the withdrawal of most of CRC staff, PLF book keepers have become more active visiting SHGs, JLGs etc., and ensuring their functioning. In additional districts, with an average 30 SHGs per PLF, the focus of the project has to ensure additional mobilisation of SHGs and JLGs and adequate credit for them. There is also an urgent need for streamlining the commission payments from banks to PLFs since this is the major source of income to meet their costs. The MOUs between PLF and financial institution has to be entered into for 3 years to ensure continued financing of SHGs and JLGs. While insurance services has been a hall mark of the project, the recent developments in late renewal of MOU by the insurance company which has led to no insurance products being offered in existing districts during the year clearly shows that unless TNCDW adopts and intervenes, the continuity of the products and the processes developed under the project may not be sustainable. However, the key outcome of increased awareness and off take of insurance services by the community, will enable them to avail many Government social security/financial inclusion insurance products widely available. PLFs will have to continue to raise awareness about insurance and ensure off take.

72. **Fisher federations/FMS;**In existing districts, 75% Fishers Federations are financially sustainable and have corpus funds ranging from INR 45 lakhs to INR 6 crores. In existing districts, among the 71 FMS, despite the variability in the fish catch and less number of fishing days, 66% FMS are financially viable. In additional districts, out of 45 operational FMS, 19 FMS in additional districts are not covering their costs

during 2019-20 but with the advent of the fishing season, they are likely to be viable by project closure. JLGs of fish vending women are getting adequate credit from fisher federations out of revolving fund and also from banks through BDC arrangement. PFARM, hybrid insurance provider, has the acceptance of Department of fisheries and also the community. Ensuring the tenure of CEO and timely settlement of claims will ensure its sustainability. In additional districts the Fisher federations are nascent and FMS are also young and will need continued support from the established federations in the existing districts. The project will need to enter into a quadripartite agreement among PTSLP, SIFFS, federation in additional districts and the nurturing federation from the existing district.

73. Sub sector enterprise promotion through service providers; the sub sector activities though implemented by service providers are well embedded within the PLFs. The dairy federation will need stronger bonds with well-established PLFs. The concept of payment for technical services has to be promoted in goatery activity for continued livestock health care services. Moringa value addition unit in Tirunelveli district will need to be monitored by PLF but the service provider will need to provide continued hand holding for another three years for which mechanisms need to be put in place. Jasmine cultivation and sales of flowers and seedlings are through two federations set up six months ago and the service provider will provide handholding support being locally present and be able to raise further resources. Millets promotion is through an existing FPO which has been reconstituted.

74. Planned capacity building in 2019-20 will further consolidate program sustainability. Policy engagement in PTSLP consisted in effectively operationalizing Government strategies for financial inclusion, enterprise development, and resilience to shocks. More systematic efforts are now required to scale-up PTSLP's successful innovations, and this can be done as part of the program's exit strategy and KM activities.

75. **Exit Strategy;** *Performance is rated satisfactory (score=5)*. The project activities are implemented through PLFs and fisher federations. The project's exit strategy has been to ensure institutional and financial viability of these grassroots organisations and institutional mechanisms for the project exit strategy are largely in place. Being the last year of project implementation the project management has taken following measures for sustainable exit:

76. PTSLP has held a series of discussions with MD, TNCDW culminating in a state level workshop on 22 May 2019 attended by officials from state and districts to discuss the next steps. All the existing districts have organised district level workshops and TNCDW has also organised two exposure visits to PTSLP areas for its functionaries. This has led to appreciation of the initiatives, innovations and outcomes of PTSLP. At state level JD, PTSLP and ADRD, TNCDW are co-ordinating regularly for proper exit.

77. In existing districts the project is in full preparedness for handing over of PLFs to TNCDW. a) The CRC staff have been reduced to one from four thus enabling PLFs to take over. At district level, most staff have been withdrawn and one M&E officer with an assistant are functioning out of a Government office thus enabling only closure related activities in the district, b) The project has prepared a detailed stock taking document to enable proper handing over in November/December. c) A detailed operational manual has been prepared and trainings to EC members are being provided. Being largely controlled by the project staff on key decisions, now PLFs have to build competency and confidence in decision making regarding loans, usage of income for expenditure etc.,

78. For fisher related aspects, Project Director has been holding regular discussions with Fisheries department, Facilitating increased collaboration of Fishers Federations with the Fisheries Department.

79. The recent thinking of Government of Tamil Nadu, to have a separate institution to address the livelihoods of coastal population and to continue and scale up the PTSLP interventions is a welcome development; it is advisable that final decision on this is taken by December so that the project can decisively move towards closure of the project activities and decision to hand hold PLFs through new institution/hand over to TNCDW can be taken by December.

Actions	Responsibility	Deadline	Status
<p>Integration of PLFs in TNCDW</p> <p>At district and block level one official of TNCDW to be made nodal officer for smooth take over. TNCDW to ensure that PTSLP PLFs are part of block level federations being formed, PLFs participate monthly review meeting of TNCDW at block and district.</p>	<p>PD, JD, MD, TNDCW</p>	<p>December 2020</p>	<p>Agreed</p>
<p>Hand over PLFs</p> <p>Decision on the new institutions for coastal livelihood promotion to be made by December and if not found feasible hand over PLFs to TNDCW in existing districts by January 2020 and in additional districts by May/June.</p>	<p>PD, JD</p>	<p>January 2020</p>	<p>Agreed</p>

80. Potential for Scaling-Up; Performance is rated satisfactory (score=5). PTSLP successfully piloted a number of innovations and has been in discussions with TNCDW and Department of Fisheries. TNCDW has identified four innovations for scaling up under TNCDW; BDC arrangement with banks for enabling adequate credit flow to SHGs, formation of JLGs for enterprise promotion, kitchen waste based bio gas plants. Vulnerability reduction fund has been adopted by TNCDW. TNCDW staff need to be systematically trained to take forward these initiatives in their PLFs. Department of Fisheries is keen to scale up insurance through PFARM for insuring boats and engines to cover 35,000 fishers. The Government is also considering setting up a separate institution for scaling up PTSLP initiatives to the entire coastal block.

D. Project Management

81. *Performance is rated as satisfactory (score=5).* There has been a change in the senior management since last JRM, and GoTN has posted a very senior level IAS officer as the Project Director and an experienced JD. The Project Director, an Additional Chief Secretary level officer, holds this position as additional charge. She has guided the project to scout new sub sector projects for implementation and also continued monitoring of the project outputs and outcomes. JD is well experienced in rural development projects. The PD and JD are providing operational leadership with quick turnaround of decision making and have taken proactive steps to address the gaps in implementation reported last year to prepare the project for consolidation of results and successful closure. All the vacant positions have been filled up. Programme Steering Committee under the Chair of Additional Chief Secretary, RD & PR is meeting quarterly to review the progress and provide policy guidelines. PSC has also decided in its last meeting to nominate PD, Integrated Coastal Zone Management Project (ICZMP) as member of PSC. Based on the request of GoTN and DEA, GOI, IFAD had extended the Project Completion Date for the Phase-II till 31st March 2020. Chair, PSC and Project Director attended the CLEAR Impact Evaluation Course (Advanced level) organised by IFAD in Istanbul, Turkey. During the year, the project has received two awards in the category of Governance (Gold and Silver). Project management and the team have strengthened the collaboration with Fisheries Department. The mission recommends that the PD and JD continuously monitor the progress towards completion activities.

82. **Performance of M&E System;** *Performance is rated as satisfactory (score=5).* The project has adequate M&E staff at PMU and DIOs. In Existing districts, only the M&E staff are retained for closure related activities. Based on last JRM recommendations, the project has initiated a) comprehensive training has been provided to district M&E staff to collect and analyse quantitative data on employment generated, wages paid, profitability of enterprises, b) data base developed to measure performance of sub sector activities including outcomes, c) in additional districts business promoters in CRCs were also trained on results chain in enterprise development. After attending, the CLEAR Impact Evaluation Course (Advanced level)

organised by IFAD in Istanbul, Turkey, project staff in districts have been provided training on fundamentals on impact evaluation.

83. The project has a fairly robust M&E system with established MIS up to PLF levels. The MIS reporting though largely is on outputs and activities, data has been collected and analysed on 13 outcomes specified in the log frame. The AOS 2018 has been conducted and is still limited in comparative analysis and corrective actions.

84. **Project closure related milestones;** Regarding closure related activities, guided by IFAD's RIA division, the impact assessment study is under way. The qualitative and quantitative surveys are to be completed by mid-December 2019. The tables for economic and financial analysis provided by IFAD consultant need to be completed by January 2020. M&E manager needs to prepare a database of complete activities with year-wise data on the inputs, outputs and key outcomes by January for existing districts and by April for additional districts. The technical studies with datasets on innovations and thematic studies in the areas of FMS, sustainability of PLF, Kitchen waste based bio gas plants, enterprise promotion, BDC with banks and financial inclusion of Fish vending women are to be completed by January 2020 and dissemination thereafter. For preparation of Project completion report, some of the reputed institutions such as IFMR, Madras Institute of Development Studies or institutions empanelled by the State Planning Commission may be approached and engaged by January 2020 and the report should be submitted to IFAD by May 2020. The mission recommends that the project adopts a clear road map for preparation of a robust Project Completion Review report for submission to IFAD.

Actions	Responsibility	Deadline	Status
<p>Annual outcome survey for additional districts</p> <p>Carry out annual outcome survey for additional districts to supplement IA in existing districts; the guidance note provided in last JRM for AOS to be followed.</p>	JD, M&E	31 March 2020	Agreed
<p>Fish catch data</p> <p>Obtain the fish catch data over the years and no fishing days data for the past 3 years from fisheries department. This should be district wise.</p>	PD, Fisheries Department	January, 2020	Agreed
<p>M&E data base</p>	JD, M&E	January	Agreed

Clean up the M&E data and prepare the data tables on inputs, outputs, and key outcomes year wise		2020	
<p>Closure related mile stones.</p> <p>Undertake anthropometric survey by January 2020</p> <p>The tables for economic and financial analysis by January 2020.</p> <p>The technical studies with datasets on innovations by January 2020</p> <p>Thematic studies by January 2020</p> <p>Engagement of PCR consultant by January 2020</p>	PD, JD, M&E		Agreed
<p>Submission of PCR</p> <p>PCR to be submitted to IFAD by May 2020</p>	May 2020	PD, JD, M&E	Agreed

Knowledge Management;

85. *Performance is moderately satisfactory (score=4).* The project has continued the efforts of documentation and dissemination of knowledge products in English and Tamil. The KM activities are oriented towards capacity building and information dissemination purpose. Project innovations and success stories for policy makers and development practitioners are yet to be initiated.

86. The project has completed PLF Operation manual, Insurance Operation manual and other guidelines and training manuals, about 14 information brochures. For the project completion review, the project has to prepare technical studies on innovations, thematic studies on selected activities and high impact case studies. The mission recommends that additional consultant may be engaged for short term to assist the team for building the database of different activities and designing the KM products. The project may also consider converting some of the important guidelines and operational manuals into video tutorials for ready reference and reinforcing. The video tutorials should be for quick access of relevant guidelines and should be of short duration.

Actions	Responsibility	Deadline	Status
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<p>Thematic case studies Complete the thematic studies, review the studies through experts, and disseminate/communicate the reports to wider audience in IFADAsia web portal and presenting the study results in national and international workshops/conferences/seminars.</p> <p>The study on artificial reefs may be dropped since CMFRI has submitted a comprehensive assessment report in June 2019</p>	JD, Manager (KM)	31 March 2020	Agreed
<p>Engagement of consultant</p> <p>Additional consultant be engaged for short term to assist the team for building the database of different activities and designing the KM products.</p>	JD, Manager (KM)	Nov 2019	Agreed

87. **AWPB Review;** The Coherence between AWPB and implementation is rated as moderately satisfactory = 4. The budget for the year 2019-20 was approved and submitted to IFAD in March, 2019 which was later revised in May 2019. During the year 2018-19, the AWPB was set at INR 705.3 million against which the achievement was INR 479.2 million (68%). For the year 2019-20 the project has budgeted INR 879.7 million against which the expenditure till September 2019 is INR 179.7 million (20%). The overall achievement of the project from the start of the project till March 2019 is 57% as against the budget. The project needs to increase the pace of activities during the current year and the achievement is only 20% in the first six months and the project ends in March 2020.

Actions	Responsibility	Deadline	Status
<p>Revision of AWPB</p> <p>Revise the AWPB to suitably reflect the activities that are likely to be taken up during the year considering the availability of funds</p>	PD, FM	Nov 2019	Agreed

88. **Disbursement Rate;** The project has had three loans (i) Account no. 1000002578 has been fully disbursed, (ii) Account no. 1000002610 has been disbursed to 99%;and (iii) Account no. 2000001433 has a disbursement rate of 34% including the

authorized allocation and the low rate of disbursement is on account of the late start of activities in the additional districts. The total disbursement considering all three loan accounts is SDR 25.56 million (71%) as against the allocation of SDR 36.04 million.

89. The budget for the year 2019-20 in respect of IFAD funding is INR 734.3 million and the amount spent during the year 2019-20 till September 2019 is INR 115 million. The fund available to the project for utilization is INR 1038.1 million from October 2019 till September 2020 (loan closing date). Considering that an additional amount of INR 600 million (of IFAD funds) is planned to be spent till loan closure, the project will have an unutilized balance of about INR 440 million.

90. **Quality of financial management** is rated as satisfactory =5. Staff: The project has adequate finance and accounting staff at the PMU and the districts. Bank reconciliations have been regularly done. The project submits quarterly unaudited financial reports to IFAD. Book keepers in PLFs have been recruited and need some handholding support. The budgeting processes, flow of funds and also internal controls are in place. The Mission noted that the districts have sufficient funds for the project activities.

91. Internal Audit: The project has a system of quarterly internal audit for which a firm of Chartered Accountant has been appointed. Some areas in respect of which weakness have been identified are: (i) delay in settlement of advances in some cases (ii) delay in payment of TDS in some cases (iii) stale cheques (more than 3 months from the date of issue) appearing in the bank reconciliation statement. Internal audit has been conducted for the first two quarters of 2019-20. The internal auditor should validate the replies to its observations in the report of the last quarter of the year

Actions	Responsibility	Deadline	Status
Training Provide a refresher training to the community book keepers in record keeping and Tally accounting	FAM	31 Dec 2019	Agreed
Internal Audit Ensure improvement in the quality of internal audit report by validating compliances to earlier report and structuring the report for high, medium and low risk observations	FAM	Immediate and ongoing	Agreed

92. **Quality and timeliness of audit** is rated as satisfactory= 5. The audit report for the year 2018-19 presents an unqualified opinion on the project financial statements (PFS) for the year. The audited financial statements were submitted within the stipulated period. The audit report generally complies with the reporting requirements of IFAD. The PFS however does not include the Status of Funds by category and the costs by components by financier. The auditor has not validated the compliance to the audit observations of the previous year. This should be complied with in the audit for 2019-20.

93. **Counterpart funds** is rated as moderately satisfactory =4. The Government of Tamil Nadu (GoTN) has cumulatively disbursed INR 2672 million to the project which includes counterpart and IFAD funding till the end of September 2019. The GoTN has not released any amount during the year 2019-20 as unutilized funds are available. The project had a fund balance of INR 420 million at the beginning of the financial year 2019-20 of which about INR 160 million has been spent and has a balance of INR 260 million. A further amount of INR 260 million has been budgeted by the GoTN for the year 2019-20. Thus, the total budget of the project for the current financial year as on date is INR 680 million. In case the expenditure exceeds INR 680 million during the year and a specific request is made by the project, additional funds will be released by the GoTN during the year.

Actions	Responsibility	Deadline	Status
<p>Release of funds Ensure that the budgeted amount and additional funds as required by the project is obtained in time so that sufficient funds are available for project implementation as planned</p>	JD, FM	30 Nov, 2019	[agreed]

94. **Compliance with loan covenants** is rated as satisfactory=5. The project has generally complied with its loan covenants. The non-compliances reported in the previous Mission report have been complied with during the current year

95. **Procurement** is rated moderately satisfactory = 4. Procurement Plan is consistent with the approved Annual Work Plan and Budget. Major procurement actions are for the small civil works like fish net mending shed, Fish Marketing Society Buildings, fish auction halls and renovation of community use buildings and sub-projects through service providers. There are new requirements for procurement, which are not included in the Plan. Therefore the PP has to be amended to include all the additional requirements before undertaking the procurement.

96. The civil works procurement is undertaken by each of the District offices with the recommendation of award is reviewed and concurred by the PMU. Though it is advertised tender, there are limited responses from the contractors, mostly only two

bids. Evaluation reports are generally satisfactory, but there are still gaps in fully assessing the eligibility conditions and documentations. The work order indicates the contract value and the time for completion of works, but the contracts does not have the contract price, the wordings/sentence on the prohibitive practices denote a misleading meaning. This has to be corrected immediately for all future contracts with IFAD Policy on preventing fraud and corruption is attached as annexure to the contract. Measurement books are available for review for each of the contract. The procurement documentation has improved from last year.

97. The execution of the works of Fish Marketing Societies constructed by the community is somewhat delayed due to local issues and non-availability of materials. All the civil works are to be completed and handed over to the user groups before the project completion date to be eligible for IFAD financing. All the sub-projects have been prior reviewed by IFAD and the documentation available in NOTUS. Two of these agreements have to be signed by the service provider (SIFFS and the two district federations), who are awaiting their BoD concurrence. The contract management of the service providers has some weakness as the milestones, outputs and progress reporting are not systematically reviewed and intimated in writing for resolution. Being the last year of implementation, there are very few goods procurement, except the procurement of iceboxes for fishers (cost INR 30.5 million). As the initial procurement was undertaken through a competitive process by the Federations, they may contract the same supplier at the agreed cost to expedite the procurement.

Actions	Responsibility	Deadline	Status
<p>Revision of Small Works Contract template</p> <p>Revise the small works contract template and circulate to all the District Offices for compliance by including the contract price, contract end date, attaching the IFAD Policy on Fraud and Corruption as Annex or include in the contract.</p>	<p>Engineering Unit</p>	<p>November/ 2019</p>	<p>Agreed</p>