

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA2663

Project Name	Sustainable Livelihoods and Adaptation to Climate Change (P132623)
Region	SOUTH ASIA
Country	India
Sector(s)	General agriculture, fishing and forestry sector (100%)
Theme(s)	Climate change (100%)
Lending Instrument	Specific Investment Loan
Project ID	P132623
GEF Focal Area	Climate change
Borrower(s)	Department of Economic Affairs
Implementing Agency	Ministry of Rural Development
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	26-Feb-2014
Date PID Approved/Disclosed	28-Feb-2014
Estimated Date of Appraisal Completion	31-Mar-2014
Estimated Date of Board Approval	27-Aug-2014
Decision	

I. Project Context
Country Context

Despite an economic growth rate of 8 percent in the Eleventh plan period (2007–12), India still has 25.7 percent of its rural population living in poverty and one-third of the world's poorest 1.2 billion people living on less than US\$1.25 a day. While the number of people living in poverty in rural India has declined from 326.3 million in 2004–05 to 216.5 million in 2011–12, there is a growing concern that climate change could slow the progress in poverty reduction. India's poverty rate is estimated to increase 3–4 percentage points by 2040 compared to the counter-factual of zero warming, resulting in around 50 million more people being poor.

India has seen a 0.4°C increase in mean surface air temperature over the past century (1901–2000) and climate change projections up to the year 2100 indicate an overall 2–4°C rise in temperature. Risk factors in addition to temperature increase include changes in the monsoon pattern, increased intensity of extreme weather events including flooding and tropical cyclones, extremes of heat, and sea-level rise. The variability of the monsoon, the seasonality of precipitation, the frequency of extreme precipitation events and short drought periods are all expected to increase. Currently, about 16 percent of the country is drought-prone and about 12 percent is flood-affected. And, both the

frequency and magnitude of these extreme events is increasing.

A 2–3.5°C increase in temperature and associated increase in precipitation is estimated to lower the agricultural gross domestic product (GDP) by 9–28 percent. Due to India's vast geographic diversity, the impacts are likely to be varied and heterogeneous. Rain-fed agriculture, which constitutes nearly 58 percent of the net cultivated area in the country, is expected to be significantly impacted by climate change for two reasons: it is practiced on fragile, degraded and sloping lands which are prone to erosion; the people dependent on it are less endowed in terms of financial, physical, human and social capital limiting their capacity to adapt to the changing climate. Over 39 districts in India have been identified as chronically flood-prone. Floods are a feature of the Terai region of India comprising Eastern Uttar Pradesh and North Bihar (both of which are high poverty states), and there is an increasing perception that they have become more unpredictable and damaging. Floods are an important reason for low crop productivity in these areas. It has been estimated that during the kharif season, about 23 per cent of paddy area remains waterlogged.

Climate change can impact the welfare of rural households through a variety of channels through its negative effect on agricultural productivity, availability of water and natural resources, health, infrastructure, and sometimes even the loss of lives from extreme events. Over the next three decades a 1.25°C temperature increase is expected to lead to a 6–11 percent decline in average per capita consumption for rural households as a consequence of a 17–37 percent reduction in average land productivity. The socio-economic situation of marginalized groups (such as the poor, women, the landless), characterized by little access to education, information, productive resources, financial services as well as fewer assets and high debt, greatly enhances the vulnerability of their livelihoods to climate related shocks and stresses. Households exposed to repeated climate hazards might be forced into a downward spiral of deprivation due to sale of assets, high debt burden, etc. Thus, it is clear that conventional poverty alleviation approaches alone would not suffice for the rural poor to step out of the poverty trap and stay above the poverty line. It would have to be complemented with risk management strategies to contend with climate change impacts, particularly untimely extreme precipitation events.

Sectoral and institutional Context

Agriculture provides employment to 72.3 percent of the rural workforce including 64 percent of poor households – 94.19 million of whom are women cultivators and women farm labor. The dominant agricultural livelihoods of the poor (crop cultivation, livestock, fisheries, etc.) are hugely dependent on natural resources such as rainfall, fodder, water bodies. Climatic hazards that affect the availability of these natural resources, adversely affect the livelihoods of the poor by impacting production, affecting incomes and preventing building up of assets. However, there are limited rural households in the country that adopt proactive approaches that anticipate future costs and avoid or prevent damages.

Often times the only adaptation strategy of the very poor is extreme risk avoidance such as choosing a production system that is low-risk–low-return even though far greater returns could be obtained from a slightly riskier production system. This low level equilibrium – called a “poverty trap” – is caused from extreme initial poverty or extreme economic shocks as a result of climatic phenomenon. Therefore, there is a need to build adaptive capacity in rural-poor communities to cope with the ongoing and future climate-related stresses affecting their farm through a participatory planning process involving women and targeted specifically to reach the rural-poor

population. These would involve multiple interventions aimed at filling the adaptation-gap, such as enhancing the climate resilience of production systems, transferring residual risk, provision of enabling climate services and building capacity for informed decision-making. This is in addition to interventions to address the adaptation-deficit such as access to formal credit, skills development and support for on-farm productivity enhancement.

Adaptation to climate change is articulated in India's National Action Plan on Climate Change (NAPCC) and its component Missions. The implementation of the NAPCC is an integral part of the Twelfth Five Year Plan (2012–2017), which contains an assessment of vulnerability of various sectors to climate change, and identifies specific adaptation measures to be implemented over the longer term. Specifically for farm-based livelihoods (such as cropping, livestock and fisheries), it has constituted a National Mission for Sustainable Agriculture (NMSA) anchored in the Ministry of Agriculture, Government of India (GoI). Another significant initiative of GoI's Indian Council of Agricultural Research is the National Initiative on Climate Resilient Agriculture (NICRA) anchored by the Centre for Research in Dryland Agriculture. Both the NMSA as well as the NICRA are implementing innovative pilots and technology packages on farmer fields but have no specific focus on targeting the rural poor and seek to address only "adaptation gap" issues leaving aside issues related to "adaptation deficit".

The flagship national programs in the rural development context are anchored in the Ministry of Rural Development (MoRD). The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and the National Rural Livelihood Mission (NRLM) are directly related to poverty alleviation while the Integrated Watershed Development Program (IWDP) and the Drinking Water and Sanitation programs deliver better resilience. Together these programs seek to address "adaptation deficit" issues and have a strong focus on targeting the rural poor in both drought- and flood-prone areas. Although these programs integrate activities that improve coping capacity of local communities to potential impacts of climate variability and change (examples include afforestation, plantations, coastal vegetation belts, fodder development, drainage structures, water harvesting, soil moisture conservation works, sustainable agriculture), they do not have a systematic approach to assessing and addressing climate change risks. The MoRD recognizes that convergence between its flagship programs – particularly the NRLM, MGNREGS and IWDP – has immense potential for integrating adaptation into existing livelihoods thereby enhancing their resilience. The proposed Sustainable Livelihoods and Adaptation to Climate Change (SLACC) project will support the MoRD in realizing this potential, through integrating a climate adaptation component into the NRLM, while converging with the MGNREGS to the extent possible.

GoI has obtained a credit from the International Development Association (IDA) for implementing the National Rural Livelihoods Project (NRLP) under the NRLM. The NRLP became effective on 8 August 2011, and is being implemented in 13 high-poverty states (Assam, Bihar, Chhattisgarh, Jharkhand, Gujarat, Maharashtra, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh, West Bengal, Karnataka and Tamil Nadu). The livelihood support component of the NRLP includes support for grants to institutions of the poor to enable them to undertake livelihood-enhancing activities on the basis of their micro-investment or livelihood plans. The NRLP is the baseline project for the proposed SLACC project and climate adaptation interventions will be implemented as part of the livelihood support component of the NRLP.

The proposed SLACC project seeks to establish a large scale proof-of-concept on integrating community-based climate adaptation planning and implementation into livelihood support activities

of the NRLP, MNREGS and MKSP. The climate adaptation plans implemented under the proposed SLACC project will address the adaptation gap by focusing on interventions that specifically address the effects of climate change. The project will cover drought and flood prone areas in the states of Bihar and Madhya Pradesh. The SLACC will bring a comprehensive risk management approach to livelihood planning and implementation in the NRLP and MKSP, so that climate change impacts on livelihoods are mitigated. It will address all aspects of farm-based livelihoods that may be affected by climate change by helping the community choose interventions for the: production system such as participatory selection of climate-resilient cultivars; ecological system such as tree-based farming or soil moisture conservation; technology such as local weather-based agro-advisories, and financial system such as weather index insurance. SLACC will strengthen collaboration and partnerships with the GoI and other initiatives on wage employment, agriculture, agro-advisories, and weather-based insurance, among others. At the national and state levels, SLACC will leverage NRLM to reach out to the agriculture and other allied agencies and raise the policy dialogue on climate change issues.

II. Proposed Development Objectives

The Project Development Objective (PDO) is to improve adaptive capacity of the rural poor, to climate variability and change affecting farm based livelihoods, through community-based interventions.

III. Project Description

Component Name

Planning, Service Provision and Implementation of Climate Change Adaptation

Comments (optional)

The objective of this component is to support risk assessment, planning, service provision and implementation of climate adaptation interventions.

Component Name

Scaling and Mainstreaming Community-based Climate Change Adaptation

Comments (optional)

The objectives of this component are to build core operational capacity and relevant knowledge base/networks for broader scaling and mainstreaming of climate adaptation interventions.

Component Name

Project Management and Impact Evaluation

Comments (optional)

The objectives of this component is to establish management units at the national and state levels to enable coordinated functioning and effective implementation of SLACC

IV. Financing (in USD Million)

Total Project Cost:	8.00	Total Bank Financing:	0.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
Borrower			0.00
Global Environment Facility (GEF)			8.00
Total			8.00

V. Implementation

National Rural Livelihoods Mission (NRLM): The National Mission Management Unit (NMMU) of the NRLM will: coordinate with the SMMUs for smooth implementation of the SLACC project; anchor a ‘consortium of resource organizations on climate adaptation and rural livelihoods’; and also be responsible for the development of a strategy for scaling-up climate adaptation interventions within the NRLM. The NMMU will be augmented with a Climate Adaptation Expert, attached to the Livelihoods Unit, to enable the implementation of these roles.

State Rural Livelihood Missions (SRLMs): The SRLMs established by the Departments of Rural Development in the states are nodal agencies for coordinating and implementing the project at the state level. The SRLMs will be responsible for the overall outputs and outcomes of the project at the state level, and for mobilizing co-financing and required technical support from other national and state programs/schemes. The SMMUs will be augmented with a Climate Adaptation Expert for managing project implementation. As part of SLACC support, the SRLMs will procure implementation teams that will operate at state and cluster levels. The implementation teams may either be associated with SRLM or with an MKSP project implementation partner in the state. A resource pool of technical resource persons and service provider organizations on climate adaptation will be utilized to provide technical support on climate adaptation to the SRLMs as and when required. At the state level, the SRLM will lead an institutional mechanism for inter-departmental coordination involving the line departments outside of NRLM (agriculture, watershed, forestry, water resources, MNREGS and livestock) to facilitate timely convergence of departmental programs and sharing of experiences and best practices.

National Livelihood Resource Organization (NLRO): A NLRO (a national level NGO – PRADAN) has been appointed by the NMMU to provide support on agriculture and ecological services to the NRLM. The role of the NLRO will be expanded, with support under SLACC, to also include provision of technical support on climate adaptation.

Institution for Evaluation: An independent institution(s) will be appointed by the NMMU/SRLMs to undertake evaluation of SLACC project implementation including establishment of baseline, mid-term and end-of-term evaluation.

Community Institutions: The SLACC will work with community institutions supported by the NRLM. These include the primary federations of women’s self-help groups as well as common interest/producer groups and producer companies. A trained CRP will be placed in each village or producer company to provide on-going support to these institutions on climate adaptation planning, implementation and monitoring. A committee will be created within the community institution to anchor climate adaptation interventions.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04	x	
Forests OP/BP 4.36	x	
Pest Management OP 4.09	x	
Physical Cultural Resources OP/BP 4.11		x

Indigenous Peoples OP/BP 4.10	x	
Involuntary Resettlement OP/BP 4.12		x
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)**VII. Contact point****World Bank**

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