

# Operationalizing Livelihood Resource Centre

## 1. Introduction:

The State of Odisha State is located in the eastern coast of India, covering an area of 1,55,707 sq. km., which constitutes 4.74 % of the geographical area of India. Physiographically, the state can be divided into four regions, viz., Northern Plateau, Eastern Ghats, Central Tableland & Coastal plains. The average annual rainfall of the state varies from 1, 200 mm. to about 1, 600 mm and the average annual temperature ranges between 25°C to 28°C. The State is drained by a number of important rivers, namely Mahanadi, Brahmani, Baitarani, Rushikulya etc. The State has 30 districts among which 12 are tribal districts. As per the 2011 Census, Odisha has a population of 41.97 million accounting to 3.47% of India's population. The rural, urban and tribal population constitutes 82.32%, 16.68% and 22.85% respectively. The population density of the state is 270 per sq. km., which is lower than the national average of 382 persons per sq.km. The 19<sup>th</sup> Livestock Census 2012 has recorded a total livestock population of 20.73 million in the state.

The total geographical area of state is 1,55,707 sq.km., of which 61204.17 sq. km. (39.31%) is recorded as forest area. The Reserve, Protected and Unclassed forests account for 36049.25 sq.km. (58.90%), 24940.71 sq.km. (40.75%) and 214.21 sq.km. (0.35%) respectively. The Forest Survey of India, Ministry of Environment, Forest & Climate Change in its 'India State of Forest Report, 2017' has assessed the total forest cover (including tree cover outside forest area) of the state at 55,338 sq.km., which is 35.54% of the state's geographical area.

Forest degradation in the state is mainly due to over exploitation of the resource to cater the requirement of gradually increasing population for agriculture & human habitation, mining and other anthropological activities, mainly the urbanization, expansion of roads, railway lines, transmission lines etc. One of the major concerns has been the untenable usage of forest resource by the forest dwellers for timber, fuelwood, fodder, non-timber forest products etc. which caused sizeable forest degradation in the state. People living in and around forests are highly dependent on forests for their livelihood. Large Scheduled Tribe (ST) and Scheduled Caste (SC) population, which is concentrated in forest fringes, depend mainly on forest resources. Therefore, to reduce their dependence on forests and to improve the health of forest ecosystems it is necessary to enhance and strengthen their livelihood by providing them with a range of alternative options.

The protection and management of forests with active participation of communities to achieve effective forest conservation and management was identified in the National Forest Policy enunciated by the Government of India in 1988. In this regard Government of Odisha has issued various executive instructions and resolutions to promote the conservation efforts through the mechanism of participatory forest management. In 2011, the Government of Odisha issued an

elaborate resolution on Joint Forest Management, which was subsequently amended in 2015. Major objective of the participatory forest management is to motivate the forest fringe communities for protection and conservation of forests and it is established that this can be accessed by improving the livelihood of the forest fringe communities. Pursuant to the efforts of the State Government on Joint Forest Management, a total of 12,500 Joint Forest Management Committees, known as Vana Surakshya Samitis (VSSs) and Eco-Development Committee (EDCs), have been constituted in Odisha. While the VSSs have been formed in the non-protected areas, the EDCs have been formed exclusively in protected areas. It has been the endeavor of the State Forest Department to strengthen these VSSs/EDCs, in terms of improvement of their capacities including the finances under various development schemes. In this direction projects/schemes implemented by Odisha Forestry Sector Development Society (OFSDS) have played a significant role.

## **2. Background**

### **2.1. Odisha Forestry Sector Development Project, Phase-I (OFSDP-I)**

The Odisha Forestry Sector Development Project, Phase-I (OFSDP-I) was the first project implemented by the OFSDS under the aegis of Forest and Environment Department Government of Odisha. The project was implemented in 10 districts of Odisha (Angul, Balasore, Bhadrak, Deogarh, Gajapati, Kandhmal, Keonjhar, Koraput, Rayagada and Sundergarh) through 14 Forest/ Wildlife divisions viz., Angul, Parlekhamundi, Phulbani, Baliguda, Koraput, Jeyore, Rayagada, Deogarh, Keonjhar, Bonai, Rourkela, Satkosia (WL), Balasore (WL) and Bhadrak (WL). This project was initially formulated for implementation over a period of 7 years i.e. from 2006-07 to 2012-13 and the project implementation period was extended up to March 2015.

The twin objectives of OFSDP-I were restoration of degraded forests in JFM & Non JFM mode and improvement in income level of forest fringe villagers by promoting sustainable forest management through active participation of forest fringe communities and creating livelihood and income generating opportunities, with larger goals of improving environment & alleviating poverty. The project approached in a manner so as to restore and protect the degraded forests with active community participation. Significant efforts were made to create alternate livelihood opportunities for communities, who are mainly dependent on forests. Further, capacities of Forest Department personnel and project functionaries including VSS and SHG members were enhanced by imparting thematic trainings on a variety of subjects. Apart from the conventional practice the Geographical Information System (GIS) and Management Information System (MIS) were used in project monitoring.

Under OFSDP-I, Income Generation Activity Support Agencies (IGASA) were engaged for capacity building, cluster development and market linkage at FMU level to promote income generation activities in project areas. All 7358 SHG's in 2424 VSS's/ EDC's, were linked through 24,042 loans. An initial revolving fund of Rs. One Lakh was released to each VCSS/EDC. Further,

additional revolving fund of Rs. 1 -2.5 Lakh was released per VSS/EDC after their performance assessment. In total, Rs.47.69 Crore were revolved by SHGs in 4 to 7 cycles and an interest amount of Rs. 1.41 Cr. was generated as interest amount. Apart from providing support to the income generation activities, some livelihood plus initiatives were also taken under OFSDP-I for the welfare of project communities. These included organizing 595 health camps in which 75639 no. of patients were treated. Ten special eye care camps were organized in which 1199 no. of persons were provided with refracted corrected glasses. 2014 no. of project personnel were trained as vision technicians to identify cataract. In collaboration with Kalinga Eye Institute, Dhenkanal, 606 no. of patients were treated for cataract. 496 no. of animators were trained as Fever Treatment Deports for collection of blood samples to examine for instances of Malaria. In the Malaria prone project areas 1.10 lakh Mosquito nets were distributed to the VSS members in convergence with the State Health Department. About 1.50 lakh smokeless chullahs were also distributed to VSS families under the project. In convergence with local Animal Husbandry Department 79 Cattle immunization camps were organized at different places in which 62286 cattle were treated and immunization was conducted against different diseases. As a unique endeavor, the project set up 253 non-formal Education Centre's in different project villages, which had no school within a periphery of 1-1.5 kms. Persons of all age groups were given basic education in these centers.

To address the sustainability of SHGs, more particularly the commodity based SHG clusters, an initiative for grounding of Partner Eco-system approach was taken up in the post-project phase, with a view to establish better market linkages so as ensure unhindered sale of the cluster products. OFSDP entered into an innovative partnership agreement with the "*Social Entrepreneurs*" of national repute to augment handholding support to the Self Help Groups of OFSDP-I clusters, for marketing of their "*forestry and Agri-products*" at best remunerative prices. Such a "Partnership Ecosystem Initiative" has been worked out to ensure the primary objective of OFSDP to augment sustained alternative livelihood options to the forest fringe communities in around 45 "*Products Clusters*" across the 10 Territorial Forest Divisions of OFSDP-I. Five potential agencies, viz., Ekgaon, Baitarani-Initiative, Industree, Aranyak Eco Pvt. Ltd. and Dhriiti from amongst social entrepreneur and private sectors were selected as collaborators to assist in achieving this objective.

A fund of Rs. 4.00 crores was made available by OFSDS for institutional innovations and to mitigate the innovation challenges in the context of income generation activities undertaken in OFSDP-I, which is being utilized in the post-project phase, for development of these eco-system partnerships. The partners have been engaged to provide support to the product based clusters which were developed in 10 Divisions of OFSDP-I. The OFSDS is facilitating the formalizing of the business relationship of the collaborators and extending access to cluster infrastructure for carrying out cluster business. The five collaborators have been providing specialized service on

Business Plan Development, R&D on product development, specialized skill development, product design, plan and design for infrastructure development etc.

For sustenance of income generating activities, the cluster VSSs are being provided funds from the IGA revolving funds to take up cluster business activities as per business plan of SHGs and request of the SHG members. The financial arrangement is such that the interest incurred from the business will be shared with the SHG members directly and the VSS will get back the loan amount. At each product based cluster, a CEO has been appointed by the Eco-system partner agency for effective coordination of professional support for business development. So far, 22 clusters have been identified through the partner collaborators for escalation of business operation. The cost of preparation of business development plan, capacity building on activities undertaken by SHGs, infrastructure development and running expenses including honoraria of CEOs are being provided by the OFSDS.

## **2.2. Ama Jangala Yojana**

Ama Jangala Yojana (AJY) is a flagship programme of Government of Odisha, which is being implemented through Odisha Forestry Sector Development Society. The objective of the scheme is to promote sustainable forest management in identified VSSs in a participatory mode with emphasis on livelihood support for communities living in the forest fringe villages. Under AJY scheme, strengthening of the community based initiative for protection of the forest and creation of alternate livelihood opportunities to reduce pressure on forests has been envisaged.

The approach adopted in implementation of AJY, *inter-alia*, includes conservation and restoration of degraded forests with active participation of communities living in the forest fringe areas by developing their skills through capacity building and creation of alternate livelihood opportunities. It has been presumed that such an approach will help in arresting further degradation of the forests as the alternate livelihood option will reduce their dependence on forests and thereby reduce pressure on forests.

A total of 7000 number of VSSs are envisaged to be covered under this scheme. The AJY is presently being implemented in 23 Territorial and Wildlife Divisions of the State in joint forest management mode i.e., with active participation of local communities. Up to March, 2018, a total number of 3180 of VSSs/EDCs have been covered under AJY. Livelihood activities under AJY, however, could not gear up due to difficulties in accessing required funds from the NRLM. It was mainly due to the fact that the activities of NRLM were not in operation in the VSSs/EDCs area of AJY. However, all out efforts are being made to augment livelihood activities under AJY by way of convergence with the schemes of other departments/organizations.

## **2.3. Odisha Forestry Sector Development Project Phase-II (OFSDP-II)**

Government of Odisha signed an agreement for financial assistance with JICA for implementation of Odisha Forestry Sector Development Project Phase-II (OFSDP-II) on 29.03.2017. The Project will be implemented over a period of 10 years i.e., from 2017-18 to 2026-27 in 12 Forest and 02 Wildlife Divisions (viz. Dhenkanal, Athamallik, Sambalpur, Jharsuguda, Sundargarh, Baripada, Rairangpur, Karanjia, Boudh, Ghumsur North, Ghumsur South, Subarnapur, Rajnagar (WL) and Bamra (WL) Divisions covered under 10 districts viz. Dhenkanal, Angul, Sambalpur, Jharsuguda, Sundargarh, Mayurbhanj, Boudh, Ganjam, Subarnapur & Kendrapara. Under this project, while the 12 territorial Divisions will implement all Project Components, the two Wildlife Divisions will implement only the specified Biodiversity Component.

The project will be implemented in 50 Forest Management Units (Forest Ranges) of 12 Territorial Forest Divisions, through 1200 VSSs. The project will be implemented in 4 phases (300 VSSs in first Batch, 400 VSSs in second Batch, 350 VSSs in third Batch and 150 VSSs in fourth Batch). The number of VSS however, may vary depending upon the cluster formed in each Forest Management Unit. Implementation of the livelihood component, under the project will be through 3600 Women Self Help Groups.

The objective of OFSDP-II is to enhance forest ecosystem along with sustainable livelihood of local people by improving sustainable forest management, sustainable biodiversity conservation and community development, thereby contributing to harmonization between environmental conservation and socio-economic development in Project areas in Odisha. The envisaged approach to achieve the overall goal in a sustained manner will include restoration of degraded forests and augmentation of forest resources through people's participation; securing sustainable forest management by improving forest administration; capacity building of community organizations and other stakeholders; conservation and scientific management of the biodiversity; promotion to inter-sectoral convergence for better livelihood and improvement of income of the targeted forest dependents.

Under OFSDP-II, concept of Sustainable Livelihood (SL) has been envisaged to go beyond the conventional definition and approaches of poverty eradication in forest fringe areas. It has been recognized that during livelihood promotion more attention should be paid to the various factors and processes which would enhance poor people's ability to make their living in an economically, ecologically, and socially sustainable manner. Promotion of small Income Generating Activities (IGAs) by involving women Self Help Groups (SHGs) is envisaged under OFSDP-II. The Project would provide support for strengthening SHGs as an institution, in their business planning, credits, product development including value addition and in establishing market linkages. As it would be difficult to take up processing, bulk marketing and retailing of products at SHG level, promotion of cluster level approach or formation of product clusters for aggregation of the product will be resorted to, so as to ensure more profitable marketing and better income for the SHGs. Various alternate livelihood options will be explored for forest

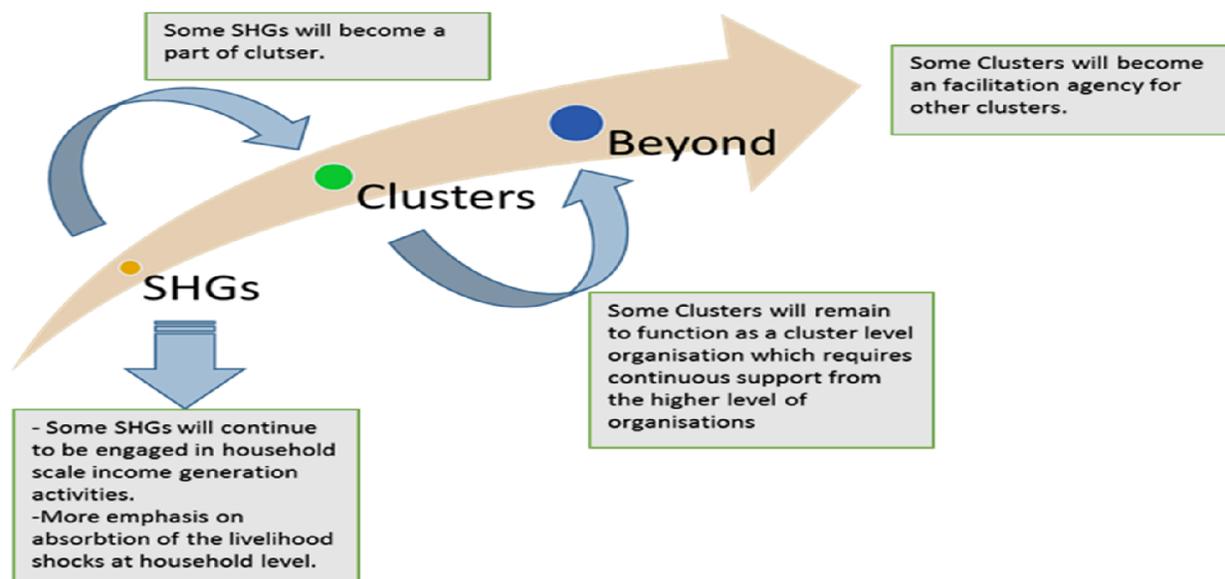
dependent communities in the project area and these will be augmented. A mission mode approach on livelihood promotion will be adopted through a dedicated Livelihood Resource Centre (LRC) which will, *inter-alia*, ensure continuous and long term hand holding support to SHGs and clusters for sustainability.

It is well understood that the income generation activities taken up under the project may not be the main source of income for the family of the members of women SHGs but these would certainly help them in day-to-day management of household situation. This is especially important for the households which are particularly economically vulnerable. The women SHGs are therefore intended to mitigate livelihood shocks through internal savings and lending. Its members are often vulnerable in households that have limited capacity to take risks. Thus, visualizing all the women SHGs to become profit-oriented entity would not be so realistic. But for them, belonging to a women SHG would help them manage their day to day requirement in an easy way. The OFSDP-II will keep options open for individual or household based income generation activities. Furthermore, to run a business, the proximity to the market, responsiveness to the market demand, risk taking capacity, management skills etc. are all important. All these situations are not readily available in the project areas. Yet, the potential for the cluster formation and business opportunities do exist, which could further help the village households to uplift their economic status. OFSDP-II will therefore, plan the cluster development strategically and select the women SHGs in consideration of all these aspects.

The SHGs, in the current day's context, are at different levels of development. Some SHGs are still at the rudimentary level of functioning while others have graduated to more organized way of functioning. During the exercise conducted for preparation of microplan, all SHGs existing in a village have been recorded. They were then graded and prioritized on the basis of grading tools according to the process defined in the Guidelines on Formation and Strengthening of SHGs and Grounding of IGAs under OFSDP II. Based on the scores of the grading of SHGs for prioritization, the SHGs will be segregated into two groups- one group of SHGs having scores above 50 and another group of SHGs having scores below 50 marks. The highest scoring SHGs will be linked to the product clusters at FMU Level, while the low scoring ones will be linked to the VSS for further hand holding, capacity building and product aggregation and augmentation.

It is anticipated that only some cluster level enterprise may succeed in expanding the business. Such clusters can work as a provider of inputs to the upper scale business organization which may emerge out of the cluster level enterprise. Keeping the above trajectory of women SHGs/ Cluster development in mind, OFSDP-II will adopt a flexible, responsive and strategic handholding for women SHGs.

## Growing Beyond SHGs



The experience of OFSDP-I revealed that insufficiency of volume and quality of products caused difficulty in taking up their processing, value addition of different kinds, bulk marketing and retailing of product at SHG level. For ensuring aggregation of the products so as to take up their value addition, bulk marketing, it is envisaged to promote a cluster level approach under OFSDP-II. Accordingly, product clusters will be formed at DMU level considering the access to raw material, infrastructure facilities available, capacity of community to take up the identified activity in a sustainable manner etc. The clusters of SHG products will be formed based on one or few viable products. Each such cluster will pick up livelihood options which can be on farm based (agriculture, horticulture, pisciculture, apiculture, nurseries, NTFP etc.), off farm based (Dairy, poultry, goater, piggery etc.), non-farm based (entrepreneurships such as plumbing, carpentry, mobile repair, shops, etc.) or forest based (sal & siali leaf plates, Hill brooms, Tamarind processing etc.).

The SHG product clusters will have the following functions –

- Identification of viable cluster product(s)
- Organisation of SHGs which shall operate the identified product(s)
- Formation and strengthening of Producer/cluster Organizations
- Market assessment and value chain study
- Developing the business plan for Producer Organizations
- Support for infrastructure development and equipment installation
- Facilitating revolving fund assistance, and
- Facilitating appropriate market linkages

To ensure sustainable livelihood in the project area, long term professional support during and beyond the project period, a Livelihood Resource Centre (LRC) has been envisaged to be set up at the level of Project Management Unit. Terms of Reference defined in the MOD of OFSDP-II will be followed in setting up the LRC.

### **3. The Livelihood Resource Center**

The Livelihood Resource Centre is a cell constituted at the Project Management Unit of Odisha Forestry Sector Development Society. The LRC will function as a self- sustaining autonomous unit with project support set up for organizing and upgrading clusters through promotion of income generating activities.

The purpose of setting up of LRC under OFSDP II is to provide long term support for promotion and strengthening of product clusters. It would help SHGs to traverse the business growth trajectory. Initially, the LRC would be set up within PMU, to look after promotion of product clusters and also to support small IGA promotion through SHGs. LRC will have a five-member team of professionals comprising of one team leader and four team members related to themes like Livelihood and convergence, finance & credit, market linkage, fund raising, CSR and R & D. The team members would have prior experience in managing and promotion of IGA and enterprises preferably in private sector. The LRC would ensure access to key resources, such as Business Development Services, market information, research and product development. It has been the experience that credit linkage alone is not adequate for the sustainability of SHG activities, therefore, emphasis will be laid on development of appropriate business plans, institutional expansion plan, research & development on the products and proper inventorization of products. A production-cum-training centre will also be developed where thematic trainings on various on farm, off-farm and non-farm activities will be imparted by the experts. The LRC will facilitate CSR- Private Partnership for sustenance of SHG Clusters formed under OFSDP I also.

#### **3.1. Goal**

To promote sustainable livelihood along with enhancing ecosystem by improving community development, sustainable forest management, thereby contributing to socio-economic development and environmental conservation in the target project area (12 divisions) in Odisha.

#### **3.2. Objectives**

- To promote vibrant product clusters
- To promote pro-poor value chain maximization
- To facilitate Collective marketing and processing
- To build the capacity of the stakeholders

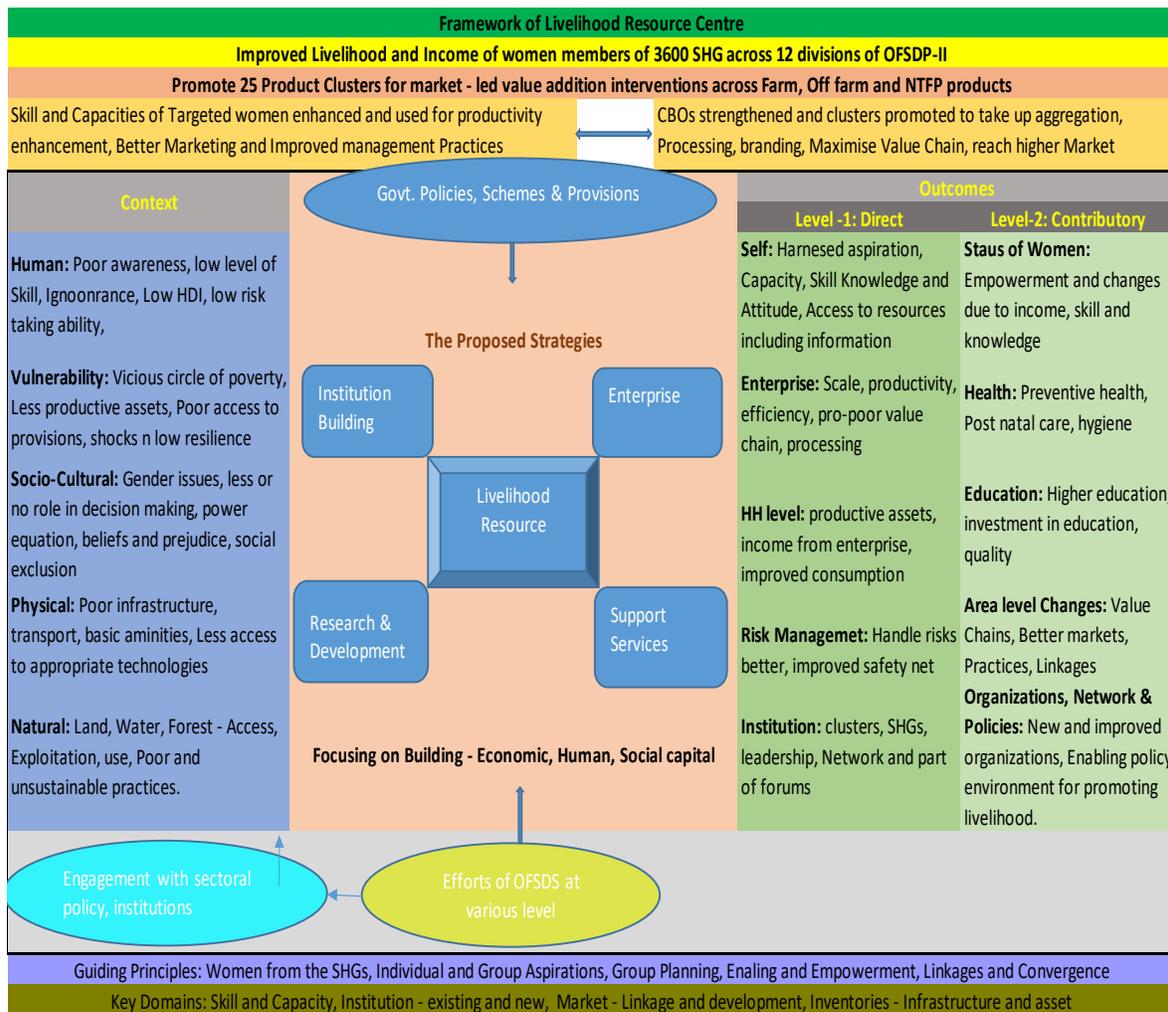
- To manage funds mandated under OFSDP-II and provide Business Development Services including R&D.
- To build LRC a self- sustainable institution in the long-run (after 5 years)

### 3.3. Approach

The approach for cluster development would be as detailed below:

- **Cluster development:** The cluster development approach of LRC aims to support the trajectory growth of the SHGs. It will not only achieve the scale, but will help in leveraging support services and make the value addition efforts sustainable.
- **Economies of scale:** This approach is expected to achieve the required volume through aggregation, which will not only make the primary producer a player in the value chain, but also give an edge to add value and negotiate at a higher and remunerative market.
- **Pro-poor Value Chain Maximization:** This approach will strive maximize value chain of products across sectors, keeping SHGs and its members in the center so that the primary producer gain from the value chain maximization.
- **Capacity Building:** This approach is to build and strengthen the skill and Capacities that will help the producer in the areas of productivity, product management, participation and risk taking, financial management etc.
- **Infrastructure and technology:** The project will build and leverage upon existing and new infrastructure and use appropriate technologies
- **Institution Building:** The project will follow the approach of primary producer (SHG) controlled and managed producers' organization, that will help in organizing and positioning the cluster and augmenting profit of the members.
- **Branding:** The LRC will take the approach to brand the products in turn the cluster as social and conservation enterprises so as to position for resource augmentation and to reach higher markets.

### 3.4. The Strategy Framework of LRC



### 3.5. The Strategies:

#### 3.5.1. Institution Building:

Institution building is the Key strategy of LRC. SHGs taken under the fold of OFSDP-II will be taken as the primary member of the clusters, which the LRC will promote as the second level institutions. The clusters will focus on product that has edge for processing and large number of SHG members are involved/willing to be involved taking the said product as IGA activities. The LRC will look into the governance of the cluster and build the skill and capacity of the leaders and members to promote it as a strong producer's organization. LRC will facilitate the cluster institutions to obtained legal status, so that cluster can leverage resources through convergence and otherwise, beyond the project support. The LRC will also facilitate the SHGs in skill capacity building, financial and non-financial support provisions and convergence to leverage resources. This strategy will help the SHGs for their trajectory growth. The SHG and IGA guidelines will form the basis of promotion of SHGs and IGA under the project.

### **3.5.2. Enterprise Promotion**

The focus of the LRC is to promote IGA and Enterprise for the target community. It will promote product clusters so as to achieve economies of scale which in turn paves way for value addition. The LRC will provide guidance and handholding support to the clusters in preparation of Business Plan and facilitate linkages with financial institutions. It will also provide assistance in marketing and product development. The LRC will adopt the promotion of partnership ecosystem development approach and will take advantage of CSR for creating sustained partnership between the cluster level organization and social entrepreneurs. The LRC will do the Techno-Economic survey and the feasibility analysis before finalising the clusters. The LRC will build the capacity of the stakeholders in the areas of enterprise promotion. This strategy will help in socio-economic development, especially livelihood improvement of the target community by improving income and asset of the participant members.

### **3.5.3. Business Development Services**

The LRC will assess the Business Development Services required at the cluster and will facilitate in making provision of the same. LRC will facilitate linkages of producer groups with appropriate agencies for BDS across sectors. The producer clusters will be supported for development and implementation of Business Plan, Capacity Building, Technological solution, Appropriate Infrastructure, Linkages with Financial Institutions and Marketing agencies etc. As a part of BDS the LRC will explore ways to promote the MSP scheme. It will help the enterprises to grow and sustain in long run.

### **3.5.4. Research and Development:**

The LRC will follow a market-led approach, while promoting the product clusters. The clusters face challenge in terms of quality and presentation, therefore the LRC shall facilitate in mobilizing required skills and expertise in improving the quality and design of the products aggregated and processed at the cluster level. The LRC will undertake research around value chain development, product development etc. This strategy will help the clusters to cater to the market demand by product development and positioning.

### **3.5.5. Partnership Ecosystem**

A Partnership Ecosystem, comprising of five social entrepreneurs were created to provide further hand holding support to the 70 numbers of clusters formed under OFSDP I. A financial provision under the name of Income Generation Resource Agency was made at the PMU Level. In an endeavour to strengthen the business relationship between the clusters and the collaborators and to provide access to the cluster infrastructure, OFSDS promoted this partner ecosystem with 5 partners. The details of the clusters and products being dealt with are provided in the adjoining table:

**Table Showing the Name of Partners working in various clusters of OFSDP I  
on various products**

S. No.	Name of the Consultant	Name of the DMU	Name of the FMU	No of FMUs	No of Clusters	Name of Actual Cluster (2017-18)	No. of VSS Covered	No of SHGs	Name of the Products
1	Idustree	Balliguda	Tumudibandha	2	2	Sirla	12	22	Siali Leaf, Sal Leaf Plates
			Baliguda			Lunduruguda	14	22	
2	Dhriiti	Keonjhar	Ghatagaon	2	2	Sanjiuli	9	23	Siali Leaf, Sal Leaf Plates
		Rourkela	Banki			Saleipali	10	17	
3	(Dabur) Baitarani Initiative	Balliguda	Simanbadi	1	8	Bithel	8	23	Harida, Bahada, Amla, Dhataki Flower, Bhuin Kakharu, Satabari, Talamuli
		Bonai	Tamara	1		Jay Jagannatha	7	11	
		Deogarh	Deogarh	1		Durijangal	8	16	
		Koraput	Laxmipur	1		Khambeswari	5	8	
		Phulbani	Phiringia	1		Laxmibai	7	21	
		Parlakhemnundi	Ramagiri	1		Mahalaxmi	5	12	
		Rayagada	K.Singhpur	1		Debgiri	10	10	
		Rourkela	Rajgangpur	1		Gangpur	13	38	
4	Aranyak	Rayagada	Muniguda	1	4	Niyamagiri	9	22	Tamarind
		Parlakhemnundi	Mohana	1		Narishakti	8	14	
		Jeypore	Kotpad	2		Maa Danteswari	7	12	
			Jeypore			Maa Jagat Janani	6	15	
5	Ek Gaon	Phulbani	Tikabali	4	6	Jiban sathi	10	24	Turmeric
			Raikia			Banadebi	8	27	

					Producer			
					Jibana Jibika	8	25	
					Laxmibai	5	20	
		<b>Koraput</b>	Semiliguda	<b>2</b>	Semiliguda	10	31	Ginger
			Laxmipur		Laxmipur	10	26	Turmeric
<b>Total</b>				<b>22</b>	<b>22</b>	<b>22</b>	<b>189</b>	<b>439</b>

It is envisaged that these OFSDP I Clusters will also be linked to the LRC for organized hand holding.

### 3.5.6 AJY SHGs

At present there are 3180 VSS in 23 Divisions of the state of Odisha being covered under the Ama Jangala Yojana. These SHGs will also be organized to form product cluster to be linked to the LRC for organized hand holding.

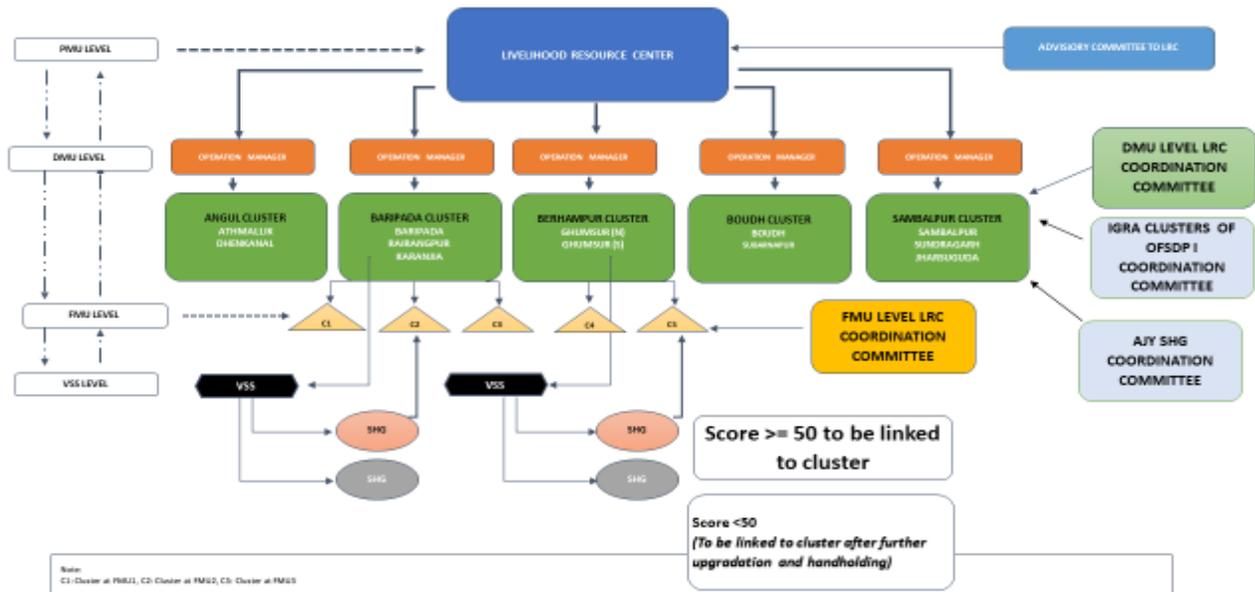
## 4. The Governance and Management of LRC

The overall governance of the LRC will be rest in the hands of OFSDS. The LRC will function on the advice of advisory committee under the OFSDP-II and the PMU will design and facilitate the governance of LRC. The committee of advisors will be organised as the think tank to the LRC.

A five-member team will have to be engaged in LRC who will be responsible to manage the portfolios like NRM, Livelihood, Convergence, Business Planning and Quality control, Financial Linkage, marketing and Value chain, Research and product development, Fund raising and CSR etc.

#### 4.1. The Structure of LRC

### LRC- THE ORGANISATIONAL STRUCTURE



The list of members of the advisory committee at PMU, DMU and FMU level is given below in the table.

Advisory committee of LRC at PMU level		
1	Addl. PD, IME, OFSDS	Chair Person
2	Nominated member from OLM	Member
3	Nominated Member from TDCCOL	Member
4	Nominated Member from ORMAS	Member
5	Livelihood Expert, PMC, OFSDP-II	Member
6	Dy. Project Director, CME&S, OFSDS	Member
7	SPM, Livelihood, OFSDS	Member
8	SPM, (C&ID), OFSDS	Member Convener
9	Rep. of NABARD	Member
10	Rep. of OFDC	member

DMU Level Coordination committee		
1	DMU/Asst. DMU Chief	Chair Person

2	Rep. of OLM of the District	Member
3	Rep. of ORMAS of the District	Member
4	Representative of TDCCOL	Member
5	Designated Manager (operation), LRC	Member
6	DDM, NABARD	Member
7	SMS Livelihood – (Rural Financing & Marketing	Member Convener

FMU Level Coordination committee		
1	FMU/Asst. FMU Chief	Chair Person
2	Rep. of OLM at Block Level	Member
3	PNGO Team Leader	Member
4	DO, Community Development & Livelihood	Member
5	FMU Coordinator, (Micro Planning and Livelihood Support)	Member

## 4.2. Role of the Advisory Committee

The advisory committee of LRC at PMU level will be the think tank of the LRC. The advisory committee will have meeting on Quarterly basis. The Quorum for the state level committee is 60% and the DMU and FMU level committee is 80% of total members.

Advisory Committee	Role of the Advisory Committee
At PMU Level	<ul style="list-style-type: none"> <li>• To provide technical inputs and approve the Business Plan of LRC</li> <li>• Approve the procurements of service for Research and Development</li> <li>• Approve the Cluster Revolving Fund, Cluster Development Fund and Collateral Corpus Fund, after getting recommendation from LRC.</li> <li>• Provide technical inputs on product positioning</li> <li>• Provide inputs and support towards Convergence with Schemes and provision</li> <li>• Provide strategic guidance for private partnerships</li> </ul>

At DMU Level	<ul style="list-style-type: none"> <li>• Provide guidance on formation of cluster</li> <li>• Take up periodic monitoring of the cluster progress</li> <li>• To provide technical inputs and recommend the Business Plan of clusters</li> <li>• Recommend the procurements of service for Research and Development at cluster level</li> <li>• Recommend the Cluster Revolving Fund, Cluster Development Fund and Collateral Corpus Fund to the LRC.</li> <li>• Provide inputs and support towards Convergence with Schemes and provision at division level.</li> <li>• Support toward imbibing MSP into the process of cluster operation.</li> <li>• Monitor the use of financial resources including the SHG and Cluster Revolving fund.</li> <li>• Suggest the CB plan</li> </ul>
At FMU Level	<ul style="list-style-type: none"> <li>• To facilitate the gradation of the SHGs and Proper use of RF at SHG level</li> <li>• To advise and facilitate the uninterrupted product supply to the cluster</li> <li>• To monitor the functioning of the Cluster institution and suggest the capacity building plans</li> <li>• Facilitate convergence</li> </ul>

The ToR of the consultants to be engaged in LRC is given in Annexure-1

## **5. Product and Service (s) of the LRC:**

The LRC will provide several product and services to establish it as a resource center in the sphere of livelihood. The key product and services of LRC is as below

### **5.1. Cluster Development**

To achieve scale and for efficient marketing through aggregation of products, clusters will be promoted at each division level. The cluster will prepare business plan with support from the LRC. LRC will facilitate linkages with financial institutions and provide assistance in marketing and product development. The Project will provide assistance in establishing infrastructure at division level, where the feasibility and management modalities will be done by the LRC. The project will adopt the promotion of partnership ecosystem development approach, which will

be facilitated by LRC by taking guidance from PMU. The LRC will try to rope in the financial and non-financial support from corporates and market players to support the clusters and ensure growth and sustainability. The LRC will architect the institutional design of the clusters and provide support to have legal status.

## **5.2. Fund Management**

The LRC has to manage the funds of the project those are earmarked for the livelihood improvement. The different types of fund LRC has to manage are

### **5.2.1. Cluster Revolving Fund:**

This Revolving fund shall provide the avenue for infant cluster level organization which do not have access to financial institutions for credit. To avail this fund as loan, the cluster level organization shall prepare the loan application along with the Business Plan. The applications and the Business Plan will be evaluated recommended to the advisory committee for approval. After approval, the fund will be sanction and disbursed. The maximum limit of the fund is 10 lakhs per cluster. In case the fund request is more than the limit, two of the advisory committee members (one from PMU and one from PMC) will visit the field and the field report will be discussed by the committee. According to the merit of the demand the sanction will be made to the cluster.

### **5.2.2. Cluster Development Fund:**

The Cluster Development Fund will be provisioned towards creation of infrastructure and asset of the cluster organization. The Cluster intend to avail the fund, will have to apply for the fund along with the business plan. The LRC will review the business plan and the request for the fund and recommend to the advisory committee for the approval. The maximum limit of the fund is 10 lakhs per cluster. In case the fund request is more than the limit, two of the advisory committee members (one from PMU and one from PMC) will visit the field and the field report will be discussed by the committee. According to the merit of the demand the sanction will be made to the cluster.

### **5.2.3. Cluster Collateral Corpus Fund**

When the cluster level gets registered under the applicable laws, they may opt for loans from the financial institutions. In case collateral is required, the cluster will request LRC to support in form of guarantee than collateral. The LRC will follow the approved operational guideline of collateral fund, while making guarantee provision for such request from cluster. The total amount of collateral corpus fund with LRC is 5 crores

### **5.2.4. IGA Infrastructure Development Fund for SHGs**

While promoting IGAs, SHGs may require small infrastructure or equipment which will be covered from the SHG revolving fund or from the infrastructure development fund. The total

allocation of the fund is 18 crores i.e. each VSS/clusters will be allocated fund to support the infrastructure requirement of the SHGs in taking IGA activities. The SHGs will apply for this fund through VSS/EDC /Cluster to the LRC and LRC will sanction the fund in adherence with the approved SHG infrastructure fund guideline.

#### **5.2.5. Income Generation Resource Agency**

In order to make the 70 number of IGA clusters comprising of 1080 SHGs promoted during 1<sup>st</sup> phase of OFSDP, OFSDS sustainable, it was decided to create an Income Generation Resource Agency (IGRA) to enter into a collaboration with five potential agencies from social entrepreneurs and private sectors, with commitment towards social and business development. The objective was to make the investment made in these clusters sustainable, through optimum use of VSS Revolving Fund, capacity building and development of CFC infrastructures and leverage upon the strength of the partners, to upscale the cluster income generation activities and augment sustainable livelihoods of the forest dependent community. These agencies have been selected based on their existing work, expertise around promotion of community based microenterprises on forest and agro-products. They invested human and financial resources, technology, R&D, branding & marketing, as part of the collaboration and to engage in business relationship with these IGA clusters to take them logically towards a path of sustainability.

The Revolving Fund (RF) to a tune Rs. 49.1 Crores was available at VSS level. The RF can be made available to SHG participating in the cluster activities at cluster level.

The framework, particularly on principles and units of partnership, roles and responsibilities of the 5 partner agencies and the scope of work was finalized. Accordingly, the ToR and the draft agreement for the 5 partner agencies were being finalized. For the purpose, the project thus identified 5 partner organisations viz. Ekgaon, Dhriiti, Industree Foundation, Aranyak Ecoharvest (P) Ltd, Bhubaneswar and Dabur India (P) Ltd. These agencies were selected based on their existing work, expertise around promotion of community based microenterprises around forest and agro-products.

A corpus fund of Rs. 4.00 Crores was created to assist in working out the modalities with the partnership eco- system.

### **5.3. Facilitation of Convergence**

The LRC will facilitate the convergence at the cluster and the SHG level. It will create the map of schemes and provisions of the line department and corporate players and aggregate the demand of the community from the micro planning at community. It will adhere to the convergence strategy and develop annual convergence plan taking guidance from the Convergence Committee at PMU. With the support from divisions, BLAC and DAC, it will

implement the convergence plan. It will also prepare micro projects with other departments that will bridge the resource gap at Cluster and at LRC level.

#### **5.4. Skill and Capacity Building**

Skill and capacity building are the key service of the LRC. It will refer to the TNA document of OFSDP-II and develop plan to support the CB need of the SHGs and the cluster. It will develop the annual training calendar of LRC and develop a service-based revenue model on the same. It will design the capacity building and skill building programmes at PMU, DMU and FMU level.

#### **5.5. Facilitation of CSR/Private Partnership**

There is a scope to create an enabling environment for the cluster level organisations to sustain themselves by linking them with the private entities. Taking experience from the OFSDP-I, LRC will strengthen the linkage between cluster organisations and the private sector stakeholders. LRC will establish a website to facilitate the matching process of cluster organisations seeking partner and those entities seeking to offer support. The website may also use by the cluster with the approval of the LRC.

#### **5.6. Value Chain Analysis**

The OFSDP-I experience shows that the producers are the weakest player in the value chain because of the scale of operation and the type and presentation of product. Moreover, the livelihood and IGA activities are supply-led. To inculcate a market-led approach in OFSDP-II, LRC will facilitate value chain study of identified products and make strategy and plan to maximise value chain in the interest of the poor producer/collector of the target divisions. LRC will take guidance from the advisory committee while procuring services for value chain study and strategy building.

#### **5.7. Marketing**

The key service under the Business Development Services is market linkage and market development. The LRC will provide support service in backward and forward market linkages. The LRC will take insight from the value chain study and prepare the market landscape of products and facilitate the linkage so that the producers will be linked to remunerative market. LRC will work on market information system the easily accessed by the cluster level organisations, SHGs and the producers. LRC may be a member of the apex marketing network of the country so as to facilitate forward linkages of the cluster products

#### **5.8. NTFP Inventory**

The project through LRC will support for a scientific inventorying of NTFPs in selected divisions or clusters with the help of technical institutions with the basic objective to objective to understand existing availability and potentiality of different NTFPs, trends in production,

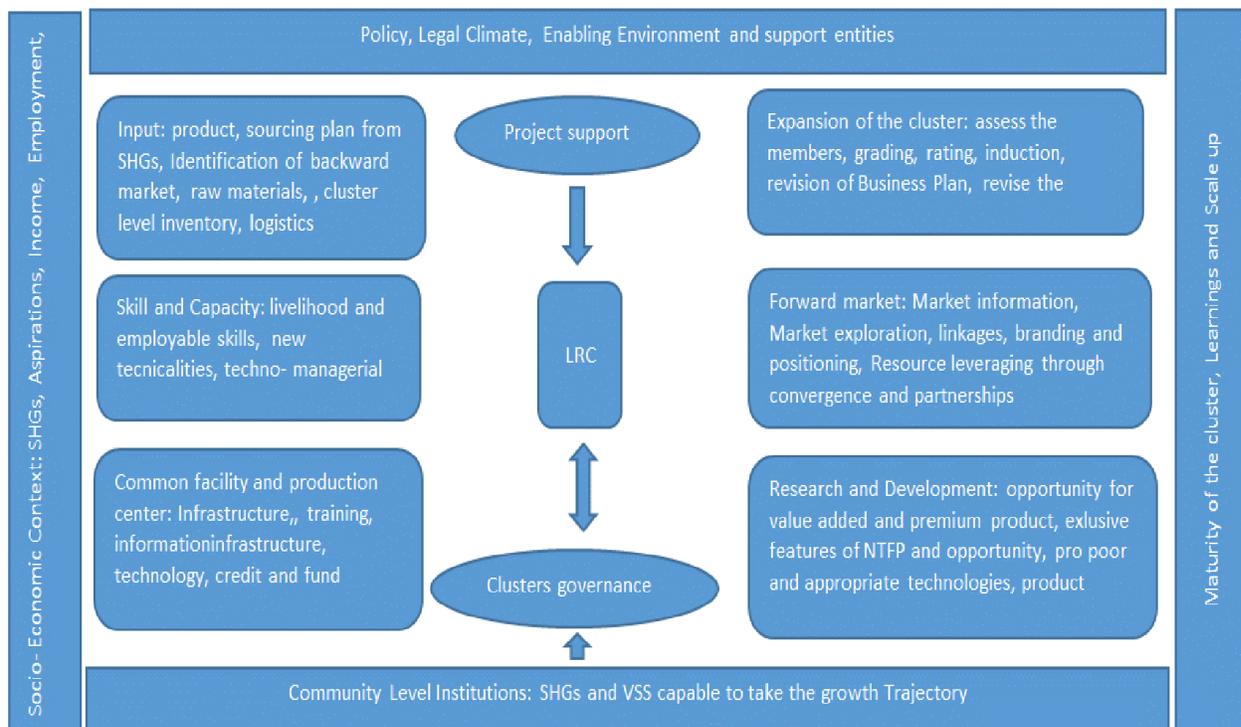
collection/extraction systems, consumption and trade patterns, impact of biotic factors and climate related factors on the production of NTFPs, involvement of women in NTFPs collection etc. The inventorisation will also help the project to prioritise its investment in NTFP conservation, promotion, sustainable harvesting and marketing through SHGs and clusters.

### 5.9. Branding and Positioning

As the project facilitating the processing of products at cluster level, LRC will make effort to brand few market-oriented products to reach the higher market and also put the cluster level enterprises in the orbit of social enterprises. The LRC will provide service towards certification like positioning products as organic.

## 6. Intervention Design of LRC

The Key intervention points of the LRC are Cluster promotion, Skill and Capacity Building, Production centre or CFC, Backward and forward linkages, Trajectory growth of SHGs and Clusters and Research and Development.



## 7. Sustainability

Sustainability of LRC in the long run may be a matter of concern. The LRC as an institution will look forward to have the sustainability in the following areas

1. Financial

2. Social
3. Institutional
4. Environmental

### **7.1. Financial**

The OFSDS can continue to support the LRC for implementation of different livelihood activities under different projects and manage the center in a limited manner by providing basic operating cost like premises and utilities. Therefore, in the post project phase LRC is envisaged as a self-sustained entity, which would generate its own revenue from potential income sources, some of which are identified below: -

- Fee for facilitating registration of producer organizations
- Fee for developing business plan of producer organizations
- Interest on lending to producer organizations from corpus fund
- Market linkage fee for linking with bulk buyers
- CSR fund
- Fund for investment through crowd sourcing
- Training and handholding services
- Consultancy services
- Grant from other schemes and projects and
- Raise funds by participating in bids related to enterprise development.

### **7.2 Social**

The LRC will be social viable by integrating the inclusive approach in it. The clear mandate of LRC is to work around Women SHGs directly contributing to the socio-economic wellbeing of the women in the target area. The LRC will always priorities groups those include the forest dependants, STs and SCs and the vulnerable segment of community. It will facilitate convergence on plus components that will cater to the social empowerment and development. LRC will also look into the gender considerations in its operation.

### **7.3 Institutional**

The LRC will primarily work with community institutions like SHG, Cluster and VSS. It will facilitate in creating a balanced governance structure which can stand challenges. It will take leadership development programmes and undertake capacity development programmes in form of trainings and exposures to build robust institutions at ground. It will provide guidance and hands on support to clusters to have legal status so that they can leverage resources from other sources to support its growth.

## 7.4 Environmental

The LRC will strictly follow the Social and Environmental Considerations Guidelines of OFSDP-II. While promoting clusters around NTFP products, LRC will give adequate emphasis on adhering to sustainable harvesting practices. LRC with the help of project will also promote Agro-Forestry models. If required, It will also obtained NoC from the relevant authorities while promoting processing activities.

## 8.0 Monitoring and Reporting

The monitoring and evaluation system will primarily focus on 'learning' and 'performance improvement' to ensure efficient use of resources and improved delivery of project outcomes. It will have **input-activity** monitoring (human, money and material) to track progress on utilization of resources by the way of plan vs actuals, input-output and unit cost analysis; **process monitoring**, to improve the quality of implementation of key activities; **output monitoring**, to track achievement of results and analyse reasons for under-achievements and improve; **outputs to purpose reviews** to measure the project's progress towards purpose and contribution by each outputs; **impact monitoring** to track the visible and emerging changes among the target communities, external environment and the value for money. The project intends to develop a robust system to comprehensively look at the above areas, yet a simple and feasible one. Evaluation system design will focus on programme and organizational assessments, with two evaluations; one at the end of **4<sup>th</sup> year** and another at the **end of 7<sup>th</sup> year**. While the evaluation on the completion of 4<sup>th</sup> year will be carried out by the PMU with the facilitation of PMC, the evaluation after 7<sup>th</sup> year will be conducted by independent evaluation agency, selected through a competitive bidding process. Log-frame will be used as a guidance/reference document to plan and implement activities, measure progress, manage risks/assumptions and proper utilization of financial resources. An orientation on basics of result-based management, M&E, methods, tools, analysis and report is planned and the inputs will be provided during staff orientation under the capacity building domain. The LRC will develop its Logical Frame work and will linked to the project MIS and GIS system.

## 9.0 Conclusion

The LRC will be the Apex nodal body at the PMU level. It has the mandate to promote IGA for the community people of OFSDP-II area through promoting institutions like SHGs and Clusters. The funds earmarked in the project for Cluster development will managed by LRC in an efficient and effective way. The project is looking forward for the trajectory growth of women SHGs and clusters towards successful business enterprises. The LRC will prepare its own Business plan and work around the plan to make it a progressive and sustainable livelihood promoting institution in the state. The LRC will document its journey to share its success story and learnings in the time to come.

## **Job Description of the LRC Staff**

### **1. Manager-Operations (Partnership/ Business Planning/ Quality Control)**

#### **1.1 Scope of Work**

- Overall responsible for mandate of LRC including its day to day functioning and envisaged targets, activities and deliverables
- Support, supervise and monitor activities of Managers of LRC
- Execute activities related to partnership, business planning and quality control
- Report to State Program Manager, Livelihoods and Advisory Committee for LRC

#### **1.2 Job Description**

- Identify potential product clusters based on value chain assessment studies
- Support partner organizations in formation and strengthening of producer organizations
- Develop business plan for Livelihoods Resource Centre (LRC), with support of external Consultant and other team members
- Organize periodic Advisory Committee Meeting of LRC and support in review of business plan
- Identify and develop partnership with potential product specific resource organizations
- Develop ToR related to execution of specific tasks by LRC and/or through other resource organizations
- Support producer organizations in the area of institution development including framing of by-laws, registration and legal compliance
- Monitor contracts and activities of resource organizations and others, including supporting and monitoring of staff recruited by Resource Organizations for different clusters
- Responsible for quality control of products and services executed by LRC
- Develop tools for assessment of producer organizations and support for assessment of producer organizations
- Capacity building of staff of DMU, resource organizations and partners organizations for institutional development of producer organizations

- Support in development of business plan for producer organizations
- Support in development of guidelines for promotion of IGAs through SHGs
- Assist in organizing Annual Workshop related to IGA
- Participate in different workshops and seminars to share experience of project related to cluster development
- Support in evaluation of LRC

### **1.3 Qualification**

- Post Graduate in Management or any other relevant discipline
- At least 15 years of experience of managing and/or promoting enterprises, preferably in private sector; Preference for prior experience in cluster development
- Proficiency in use of computers including MS Office
- Preferably proficient in Oriya language

## **2. Manager -Finance & Credit Linkage**

### **2.1 Scope of Work**

- Support to producer organizations to be able to access capital for doing business
- Responsible for management of finance and accounts of LRC
- Responsible for management of Corpus Fund of LRC
- Report to Program Manager, LRC

### **2.2 Job Description**

- Assist in development of business plan of producer organizations
- Develop linkages with Banks and Financial Institutions to enable producer organizations to access credit
- Develop guideline for sanction of revolving fund assistance of project to producer organizations
- Develop linkages for producer organizations to be able to access loan from Banks and financial institutions
- Develop linkages with other Government departments providing credit subsidy assistance to producer organizations
- Support producer organizations to be able to access capital subsidy assistance of other Government departments

- Facilitate provision of revolving fund assistance to producer organizations
- With support of other team members, develop guideline for management of corpus fund of LRC
- Conduct appraisal for credit assistance to deserving producer organization from corpus fund
- Facilitate the linkage between the private sector and cluster level organizations
- Support DMUs, Resource Organizations and NGO Partner Organizations in execution of their activities, mainly related to assisting CBOs to be able access to credit
- Capacity building of personnel associated with promotion of clusters related to credit and financial linkage theme
- Participate in State level meetings, workshops and seminars related to financial linkage to CBOs
- Contribute to development of business plan of LRC
- Support in development of guidelines related to revolving fund assistance to SHGs for taking up small IGAs

### **2.3 Qualification**

- Post Graduate in Management or any other relevant discipline
- At least 7 years of experience related to managing enterprises or enterprise development, of which preferably 3 years of experience related to financing enterprises and/or promoting access of CBOs like producer organizations to credit services
- Proficiency in use of computers including MS Office
- Preferably proficient in Oriya language

## **3. Manager - Value Chains & Marketing**

### **3.1 Scope of Work**

- Support producer organizations to be able to have sustained market linkage for bulk marketing to private companies and/or long distance big traders
- Responsible for execution of value chain assessment studies
- Report to Program Manager, LRC

### **3.2 Job Description**

- Develop linkage with potential bulk buyers including private companies and/or long distant big traders; including opportunities for export
- Develop Terms of Reference (ToR) for market assessment and value chain studies
- Execute value chain and market assessment studies
- Identify requirement of equipment for processing and packaging; and support producer organizations for purchase of such equipment
- As required, organize specialized training including skill training for promotion of product clusters
- Support in retail marketing to producer organizations including brand promotion and direct retailing
- Identify and develop linkages for exposure visit to successful clusters; and support for organizing exposure visits
- Organize trade fair, exhibitions, product conclaves, etc for promotion of products produced by producer organizations
- Support producer organizations related to legal compliance for marketing
- Support DMUs, Resource Organizations and NGO Partner Organizations for market linkage of producer organizations
- Support in development of approaches for facilitating local marketing for small IGAs through SHGs
- Capacity building of personnel associated with promotion of clusters related to value chain assessment and marketing
- Contribute to development of business plan of LRC

### **3.3 Qualification**

- Post Graduate in Management or any other relevant discipline
- At least 7 years of experience related to managing enterprises or enterprise development, of which preferably 3 years of experience related to marketing and/or facilitating market linkage for CBOs like producer organizations
- Proficiency in use of computers including MS Office
- Preferably proficient in Oriya language

## **4.0 Manager - R & D and Product Development**

### **4.1 Scope of Work**

- Identify potential ideas for product development
- Responsible for development of new products including niche market products through R & D
- Report to Program Manager, LRC

### **4.2 Job Description**

- Visit LRC supported product clusters to be able to identify potential ideas for product development
- Participate in exhibitions and workshops to generate ideas for niche products
- Develop linkages with potential R & D institutions, more specifically with relevant persons in the R & D institutions
- Regularly collect information and develop understanding on ongoing R & D efforts, including launching of new products in the market
- Develop Terms of Reference (ToR) for product development through R & D Institutions
- Monitor contracts of LRC with R & D organizations
- With support of Manager, Marketing take up test marketing of new products developed through R & D
- Regularly support in improvement of processing of product clusters
- Support producer organizations to be able to get required quality certifications of products and process
- Support Manager, Marketing for purchase of equipment for processing for producer organizations
- Support Manager, Marketing for execution of activities related to skill training for master trainers and members of producer organizations
- Contribute to development of business plan of LRC

### **4.3 Qualification**

- Post Graduate in Management or any other relevant discipline
- At least 7 years of experience related to research and product development, preferably related to products likely to be supported through product clusters

- Proficiency in use of computers including MS Office

## **5.0 Manager - Fund Raising and CSR**

### **5.1 Scope of Work**

- Responsible for fund raising for LRC
- Mobilize CSR support for LRC
- Report to Program Manager, LRC

### **5.2 Job Description**

- Develop linkages with private companies and CSR foundations for mobilization of financial assistance for CSR
- Provide content related to mobilizing CSR support to be posted in project website
- Develop linkages with Government departments supporting promotion of product clusters
- Formulate project proposal for mobilization of grant and/or loan assistance in line with business plan of LRC
- Scout business opportunities related to consultancy services for LRC
- Develop proposals including follow up for participation in bidding opportunities
- With support of other team members, responsible for execution of contracts related to successful bids for consultancy services to be provided by LRC
- Contribute to development of business plan of LRC
- Develop cost norms and/or financial proposals for different services of LRC including services to producer organizations

### **5.3 Qualification**

- Post Graduate in Management or any other relevant discipline
- At least 7 years of experience related to enterprise development, of which preferably 3 years of experience in fund mobilization or providing management consultancy services
- Proficiency in use of computers including MS Office