

**Aide Memoire**  
**INDIA: Meghalaya Community Led Landscapes Management Project**  
**(P157836)**  
**Third Implementation Support Mission: November 25-28, 2019**

**I. INTRODUCTION**

1. A World Bank team<sup>1</sup> undertook the third implementation support mission of the Meghalaya Community Led Landscapes Management Project (MCLLMP) between November 25-28, 2019. The objectives of the mission were (a) to assess and support planning and implementation progress including finalisation of the project Results Framework, (b) to understand and address implementation challenges at the field level (c) to provide support to develop project action plan for the current FY, update procurement actions and expedite physical activities.
2. The mission held meetings with officials of Meghalaya Basin Management Agency (MBMA), North-East Hill University (NEHU), North East Space Application Centre (NESAC) and team members from the State and District Project Management Units. The mission would like to thank the Government of Meghalaya and the MBMA project team for their kind support and hospitality. The Aide Memoire was discussed at the wrap-up meeting on audio with Mr. Sampath Kumar on December 24, 2019 and the final version of the Aide Memoire was endorsed by the Bank management.

**II. PROJECT DATA AND RATINGS**

Table 1: Key Project Data and Ratings

<b>Project Data</b>	<b>USD (millions)</b>
Original Project Amount	60
Bank Funding	48
Total Disbursement	1.37
Disbursement in FY (Jul' 18 – Jun' 19)	0.8
Closing Date	30 June 2023

<b>Project Ratings:</b>	<b>Previous</b>	<b>Current</b>
Project Development Objective	S	S
Implementation Progress	MS	MS
Financial Management	S	S
Environmental Management	S	S
Social Safeguards	MS	S
Procurement	MS	MS

**III. IMPLEMENTATION PROGRESS AND KEY FINDINGS**

3. Overall, the focus of the project since the last implementation support mission in February, 2019 has been to expedite outreach, community natural resource management (CNRM) plan preparation and implementation across the state and roll out training and capacity building

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<sup>1</sup> The mission was led by Pyush Dogra (Sr. Environmental Specialist and TTL) and included Ms Mridula Singh (Sr. Social Development Specialist), Ms Latha Sridhar (Program Assistant), Ms Geeta Shivdasani (Procurement Analyst), Mr Arvind Mantha, (Senior Financial Management Specialist), Mr Avanish Kant, (WB Water Resources Consultant), Mr Hitesh Kumar Thakur (Consultant, ICT), Ms Swati Dogra (WB Social Development Consultant) and Ms Aditi Jha (WB Environment Consultant).

activities to improve community driven processes and technical rigor. The project has accelerated progress in this regard with 228 Village Natural Resource Management Committee (VNRM) formed and 102 community-led natural resource management (CNRM) plans completed with work orders. A total of 76 trainings have been organized at the SPMU and DPMU level. Details of CNRM plan implementation progress and training and capacity building activities undertaken is provided as Annexure 2 and 3 respectively. The disbursement rate of the project continues to be low compared to the planned amount. The mission noted that there is significant scope to improve the quality of CNRM plans and there continue to be gaps in the geospatial information required for landscape planning and the technical handholding support required to enable communities to plan holistic NRM interventions. Further, the scope and scale of innovations and knowledge generation envisaged under the project is currently not being reached and thus Implementation Progress is rated as Moderately Satisfactory (MS).

4. To address the identified challenges, during the mission, the World Bank and State Project Management Unit (SPMU) finalized the project Results Framework based on which the project will align its Management Information System (MIS) capacity building interventions roll out of CNRM plans and monitoring and reporting. Under the Agreement of Association (AoA) signed with Arghyam, and with their support, engagement with a few subject matter expert agencies to roll out training and capacity building and handholding in preparation of quality Community led Natural Resource Management plans has been initiated. The agencies include ACWADAM, PSI, CHIRAG, PRASARI and FES. Additionally, a two-member team from SATTVA, an impact consulting firm, is deputed at MBMA and support the design and roll out of training and capacity building activities with the aim of achieving scale and effectiveness.
5. The mission recommended that a GIS specialized agency be brought on board immediately to complete the GIS maps for 400 project villages by January, 2020 and that further capacity building is undertaken to enable landscape level planning using tools such as GIS for decision support to communities to plan catchment treatment and forest restoration to meet the project development objectives.
6. Under *Component 1: Strengthening Knowledge and Capacity for Natural Resource Management* to document and promote traditional knowledge and grassroots innovations the project is undertaking community dialogues. 10 such dialogues have been undertaken with around 58 individual and community/group proposals received and 26 selected by the Innovations committee for support under the project covering areas such as catchment rejuvenation, eco-tourism, seed banks and making of organic manure. The mission was informed that the proposal from Sadhana Forest is still under consideration and it was recommended that this be awarded without any further delay to begin roll-out of innovative models on forest restoration in the State. The mission recommended that other proposals under Innovations, not only within the state, but at a national level too, should be identified and approved on priority. On training and capacity building, the mission requested i) a detailed training plan for the thematic roll out of trainings to be shared by designated focal points ii) participant wise data to be maintained iii) training effectiveness and feedback should be recorded and iv) a databank on tools, trainers and learning material and experts to be set up.
7. The critical consultancies awarded under the project are now complete. The final report by NEHU has been accepted by MBMA and World Bank and the final report incorporating World Bank comments from RFRI is due in the 1<sup>st</sup> week of December. The mission recommended that the SPMU should initiate pilot projects as well as state level dialogues with the Forest Department and Autonomous District Councils (ADCs) and national level dialogues and share the engagement with the World Bank. The TISS revised Baseline report has also been submitted and the mission requested that it be brought to closure. The Baseline continues to have gaps in information that address the project results framework. The mission took the decision to complete the data collation exercise in-house for 70 villages. Towards this, the World Bank team prepared a data fields sheet to be completed by the SPMU and DPMU teams based on the CNRM plans.

8. The project has awarded the MIS consultancy RMSI– who will be onboard by mid-December and is in the process of hiring a Communications Agency through a request for proposals. Further the mission requested that a Knowledge Management Strategy including a vision document for Centre of Excellence on NRM in the North East be prepared by a specialist and the state should start procurement activities towards establishment of a Media Lab by next year.
9. Under *Component 2: Community-led Landscape Planning and Implementation* the mission recorded its observations on the CNRM planning process and implementation. These were as follows: i) The use of GIS information was necessary to achieve accuracy and technically sound CNRM plans and should be undertaken before the resource mapping exercise in all villages ii) **The project needs to have an expert on hydrogeology to lead on aspects of springshed planning and management for the project** iii) Reporting on CNRM activities undertaken should report the number of people and households impacted as well as the area covered by the intervention to address the project results framework and iv) A report on villages choosing to opt out of the project and their reasons to do so be prepared and submitted to the World Bank.
10. The mission discussed the element of convergence in CNRM plans with other government schemes, primarily MNREGA, as this is an outcome indicator of the project. While the positive implications of this convergence include employment generation, leveraging and sustainability of the activities, the flip side is reduced project expenditure as the labor cost is being drawn from the MNREGS. To address this, the **SPMU was requested to review and report on the percentage of CNRM budgets drawn from MGNREGA and the mission recommended that in the current stage of the project, financial leveraging is avoided while systems are still being put in place and capacities built under the World Bank project and to increase disbursement from the project.**
11. Under *Component 3: Project Management and Governance*, the mission appreciated that the SPMU and all DPMUs have been staffed and teams are taking responsibility towards carrying out key roles such as development of the MIS, Training, Knowledge Management and provision of technical support to the main thematic areas under the project. The mission noted that the team could be further strengthened with the recruitment of a hydro-geologist as a technical lead, given that spring shed management is a cornerstone of the project and currently there is no-one qualified to lead on this aspect. The mission also requested that the video-conferencing facility be set up without delay to improve communication linkages between the SPMU and support agencies.

### **Environmental and Social Safeguards**

12. The environmental and social safeguards screening and processes have been integrated into the Community Natural Resource Management Plan Preparation Template. District teams have been oriented on the social processes and policies and environmental guidelines that need to be followed and implemented during the planning and implementation of CNRM plans. The Manager, Social and Manager, Environment supervise and monitor that these processes are being followed. Currently, the Grievance Redressal Mechanism (GRM) in place works through information to communities during VNRMC formation and stickers with the District Social Managers number, however the mission advised that this is **moved to a toll free number and integrated with the project MIS.**

### **Financial Management**

13. The disbursement under the project as of December 04, 2019 is USD 1.37 million, that is **2.8% of IBRD allocation of USD 48 million; MBMA has projected Rs 75 crores to be spent in next six months (January 2020 to June 2020) and has prepared Annual work plan (AWP) of Rs 127.80 crores for ensuing FY 2020-21.** Under Financial Management aspects for Community led activities, the project has opened separate bank accounts and signed Village Grant Agreements (VGA) with 227 VNRMCs and funds amounting to Rs 5.3 crores have been transferred till

November 2019. The Bank team has advised DPMU to obtain Utilization certificates from VNRMC on funds spent by communities and report in the IFRs. Program Associate in DPMU are providing coaching and mentoring to the bookkeeper / treasurer of VNRMC on accounting areas. The bank team advised DPMU to insert following additional clauses to the present and future VGA; (a) Six-monthly Utilization certificate (UC) will be provided by VNRMC to DPMU as per formats provided in community manual, supported by bank statement; (b) payments above Rs 5000 will be made by cheque to vendors; and, (c) VNRMC staff will enable SPMU/DPMU staff and its auditors to review community books.

## Procurement

14. On procurement, while MBMA is not facing any issues using STEP, the Bank team noted delays in initiating procurement processes due to weak technical capacity especially in drafting TORs. Delays in decision making/approval process were also noted. The project needs to address and streamline its processes to expedite decision making and approvals. The Bank team drew the attention to the importance of training and capacity building of communities in Procurement, before initiating any procurement in order agreed procedures are followed, the importance of record keeping, and for keeping details of procurement carried out by communities in the format provided by the Bank. The procurement performance is rated as Moderately Satisfactory, however will require diligent adherence to the agreed action plan and improvement in contract management capacity, to avoid downgrading of the current rating.

## IV. NEXT STEPS AND AGREED ACTIONS

**Table 2: Summary of Agreed Actions**

S No	Actions	Responsibility	Due Date
<b>1.</b>	<b>GIS</b>		
1.1	Onboarding of organization / Consulting firm for GIS and Remote Sensing	DPD SPMU	31 <sup>st</sup> January 2020
1.2	LU/LC Mapping of 400 villages	DPD SPMU	15 <sup>th</sup> March 2020
1.3	Purchase of ARC GIS licenses, Image processing systems, plotters and machines (systems)	DPD SPMU	31 <sup>st</sup> January 2020
<b>2.</b>	<b>Critical Consultancies</b>		
2.1	TISS (closure, release of final payment)	DPD SPMU	31 <sup>st</sup> January 2020
2.2	RFRI (closure, release of final payment and development of Action Plan to take forward recommendation)	DPD SPMU	31 <sup>st</sup> January 2020
2.3	NEHU (closure, release of final payment and development of Action Plan to take forward recommendation)	DPD SPMU	31 <sup>st</sup> January 2020
<b>3.</b>	<b>Baseline</b>		
3.1	Data fields for collecting data on 59 villages to be prepared	World Bank	10 <sup>th</sup> January 2020
3.2	Input data	Technical specialist, CNRD, SPMU	31 <sup>st</sup> January 2020
3.3	Prepare Baseline report	Technical specialist, CNRD, SPMU	10 <sup>th</sup> January 2020
<b>4.</b>	<b>CNRMP Template and documentation</b>		
4.1	Finalize GIS categories for data	Technical specialist,	31 <sup>st</sup> January 2020

	collection	CNRD, SPMU	
4.2	Prepare short notes on emerging issues like villages dropping out; villages coming forward, women participating, women not participating, governance practices etc.	Social Specialist and KM Specialist, SPMU	15 <sup>th</sup> January 2020
<b>5.</b>	<b>Staffing</b>		
5.1	Hiring Water Resource Expert (Geohydrologist)	HR	15 <sup>th</sup> January 2020
5.2	Data Operators (temporary) for digitizing CNRPM template data	HR	31 <sup>st</sup> January 2020
5.3	Hiring Consultant/ specialist for documenting traditional knowledge	HR	15 <sup>th</sup> January 2020
<b>6.</b>	<b>Training and Capacity Building</b>		
6.1	TNA (finalize the matrix on thematic areas)	CB, Manager SPMU	31 <sup>st</sup> January 2020
6.2	Calendar (update – plan and activities)	CB, Manager SPMU	31 <sup>st</sup> January 2020
6.3	Reporting (quarterly along the TNA matrix)	DPD, SPMU	31 <sup>st</sup> December 2019 and continue
6.4	Modules and Toolkits (compile as per Themes, soft copy to be available on the website)	CB, Manager and KM, Manager, SPMU	31 <sup>st</sup> January 2020
6.5	SATTVA Stakeholder Workshop for Action Plan and Project Management Workshop	DPD, SPMU	31 <sup>st</sup> January 2020
6.6	ACWADAM, PSI, CHIRAG, PRASARI, FES (Bring on board)	DPD, SPMU	31 <sup>st</sup> January 2020
6.7	Spring shed ToT	DPD, SPMU	15 <sup>th</sup> January 2020
6.8	SADHNA FOREST MOU	DPD, SPMU	31 <sup>st</sup> January 2020
<b>7.</b>	<b>Knowledge Management and Innovation Fund</b>		
7.1	KM Strategy TOR	Manager KM, SPMU	31 <sup>st</sup> January 2020
7.2	Media Lab TOR	Manager KM, SPMU	31 <sup>st</sup> January 2020
7.3	FAQ and posters	Manager KM, SPMU	31 <sup>st</sup> January 2020
7.4	TOR for Centre for Excellence for NRM and traditional knowledge	Manager KM, SPMU	15 <sup>th</sup> January 2020
7.5	Write-shop for KM and SM team for documenting Case Studies	WB	30 <sup>th</sup> January 2020
7.6	The hiring of an external agency for Outreach and Communication	Manager KM, SPMU	March 31 <sup>st</sup> , 2020
<b>8.</b>	<b>MIS</b>		
8.1	Results Framework to be shared with the team (SPMU and DPMU) for role identification	MIS, SPMU	15 <sup>st</sup> January 2020
8.2	Sign Contract with MIS Firm	SPMU	31 <sup>st</sup> January 2020
8.3	Thematic Focal Points to prepare Reporting Notes (data, activities)	SPMU	15 <sup>th</sup> January 2020
8.4	GRM MIS integration	SPMU	15 <sup>th</sup> January 2020
<b>9</b>	<b>Financial Management</b>		
9.1	Engage one Assistant Manager in SPMU	SPMU	31 <sup>st</sup> January, 2020
9.2	Appoint Internal Auditor	SPMU	28 <sup>th</sup> March, 2020
9.3	Training on FM and procurement to	SPMU	31 <sup>st</sup> March, 2020

	VNRMC with technical support of Internal Auditors		
10	<b>Procurement</b>		
10.1	Update Section on Consultancy Services in COM	SPMU	1 <sup>st</sup> February, 2020
10.2	Submit details of procurement carried out by communities implementing their CNRM plans to the Bank in agreed format	SPMU	31 <sup>st</sup> January, 2020
10.3	Conduct STEP training for DPMU	SPMU	31 <sup>st</sup> January, 2020
10.4	Share draft PPR report with MBMA	World Bank	1 <sup>st</sup> February, 2020
10.5	Conduct procurement and contract management training for SPMU	SPMU	15 <sup>th</sup> March, 2020
10.6	Issue RFP for Communications Agency	SPMU	31 <sup>st</sup> January 2020

**Table 3: Status of Agreements from the previous AM**

	Actions	Responsible	Due Date	Status
<b>COMPONENT 1</b>				
1	Preparation of Catalytic fund guidelines	MBMA	March 31 <sup>st</sup> , 2019	Complete
2	Translation, Printing and Dissemination of IEC materials	MBMA	March 31 <sup>st</sup> , 2019	Complete
3	Prepare action plan for innovation fund allocation based on guidelines	MBMA	March 31 <sup>st</sup> , 2019	Districtwise done; State and National level pending
4	Completion of critical consultancy on Drivers of Deforestation	RFRI and MBMA	28 <sup>th</sup> February, 2019	Complete
5	Completion of Baseline Survey	TISS and MBMA	28 <sup>th</sup> February, 2019	TISS Baseline complete; Baseline for RF ongoing
6	Completion of critical consultancy on Impact of Mining on Affected Areas and on Livelihood	NEHU and MBMA	15 <sup>th</sup> March, 2019	Complete
7	Training of green facilitators from 50 villages on mobilization, plan preparation, environment and social safeguards, maintaining books of accounts, GIS and monitoring and evaluation	MBMA	15 <sup>th</sup> March, 2019	Ongoing
8	Develop TOR and initiate contract to an external agency for Outreach and Communication	MBMA	March 31 <sup>st</sup> , 2019	Complete
9	Training and Orientation for SPMU and DPMU Project Staff on project concept, integrating IPDF/SMF and gender action plan and EMF through the project	MBMA and World Bank	March 31 <sup>st</sup> , 2019	Complete
10	Application based MIS system to monitor project	MBMA	April 30 <sup>th</sup> , 2019	Complete
<b>COMPONENT 2</b>				
11	Review and finalisation of 50 CNRM plans	MBMA	March 31,	Complete

	by SPMU and initiation of implementation of phase I of the plans		2019	
12	Preparation of a roster of NRM technical experts at State/ District/ Block level and hire need based consultants	MBMA	March 31, 2019	Complete
13	Notification and TORs for secondment of government resource persons to SPMU	MBMA	March 31, 2019	Alternative plan in place (Hiring of full time staff, Training agencies)
14	Establishment of mobile based project Grievance Redressal mechanism (GRM)	MBMA	April 30, 2019	In process; Alternative set up in the interim
15	Finalization of 400 project villages	MBMA	May 31, 2019	Complete
<b>COMPONENT 3</b>				
16	Technical experts in place at SPMU and district level	MBMA	April 30, 2019	Complete
17	Re-furbishing office space and VC facility in SPMU	MBMA	June 30, 2019	Pending

## **Annex 1 – List of Persons Met**

SNo	Name	Designation
1	A.B.S Swer	Director, MBDA
2	Banteilang S Rumnong	Deputy Project Director
3	Phrangkupar Marbaniang	Deputy Project Director
4	J.T. Kharkongor	Deputy Project Director - NRM
5	Binu Malhotra,	OSD Procurement
6	Peter A Sawian	CFO
7	T. Jude Xalxo,	Technical Specialist C&RD
8	Jyswill K.R.L. Nongpiur,	Manager - Environment Management
9	Bansara Marbaniang,	Manager - Training
10	Arindam Pachani	Sr Manager (M & E)
11	Ibanri Jyrwa	Manager, Knowledge Management
12	Persara Thangkhiew	Manager, Social Management
13	Philarisa M. Thangkhiew	Manager - M&E
14	Gary Sangma	Manager – Spil and Water Conservation
15	Wansah Pyrbot	Manager- Water Resource
16	Evanylla Marbaniang	Asst Manager – Knowledge Management
17	Alvareen Khrwanlang	Asst Manager – Knowledge management
18	Mamta Rai	Asst.Manager (Procurement)
19	Sucielia Myllemngap	Sr.Manager (HR)
20	T.Niang Suan Ching	Manager (HR)
21	Jeddiah Lyngdoh	Programme Associate- Procurement
22	Fangtea M Sangma	Programme Associate – GIS
23	Shri. Iaisan Ryngkat Lyngdoh	Programme Associate (INRM)
24	Shri.Renold Syiemlieh	Programme Associate (GIS)
25	Smt.Lamsalanki Lakashiang	Asst.Manager (NRM)
26	Shri. John K. Wanniang	DPM - SWKH
27	Shri. Jachang Sangma	ADPM - WGH
28	Shri. Vanshan Buhphang	DPM - Ri-Bhoi
29	Shri Pynshngain Rymmai	ADPM – EKH
30	Shri. Wilhelmos Shylla	ADPM –EJH
31	Smt. Celine R. Sangma	ADPM - NGH
32	Shri. Justine G. Momin	DPM - SGH



## Annex 2 – District wise Implementation Progress

SUMMARY OF DISTRICT WISE IMPLEMENTATION PROGRESS								
PARTICULARS								TOTAL
	EJH	EKH	NGH	RB	SGH	SWKH	WGH	
Site Verification/Ground Truth Survey	43	62	46	50	36	54	61	<b>352</b>
Sensitisation programme conducted	47	71	51	25	36	45	54	<b>329</b>
No. of Citizen's Green Charter signed	39	50	27	23	20	45	35	<b>239</b>
No. of EoI signed	39	46	27	23	20	45	36	<b>236</b>
No. of VGA signed	39	46	27	23	20	45	35	<b>235</b>
No. of VNRMC formed (Provide list)	33	56	27	23	22	45	35	<b>241</b>
No. of EC formed	33	56	27	23	22	45	35	<b>241</b>
No. of villages where Green Facilitators identified	33	48	27	23	22	45	35	<b>233</b>
Opening of Bank Accounts(VNRMC)COMPLETED/Under Process	30	50	26	23	20	43	34	<b>226</b>
No. of PRA conducted	39	56	26	23	20	43	33	<b>240</b>
CNRMP Initiated	39	47	26	23	20	43	33	<b>231</b>
CNRMP Completed Out of CNRMP Initiated	27	43	15	23	9	42	21	<b>180</b>
Village Profile completed	33	58	11	23	16	43	33	<b>217</b>
Village Boundary(GIS)	38	46	20	23	20	36	37	<b>220</b>
Geo Tagging for Site Intervention	20	48	5	23	15	16	31	<b>158</b>
CNRMP (VNRMC)with estimates completed	25	43	20	23	15	13	28	<b>167</b>
CNRMP (VNRMC)with work order issued	10	34	10	23	8	13	15	<b>113</b>

### Annex 3 – Training and Capacity Building Overview

Training		No. of Trainings Held To VNRMC Members		No. of Trainings Held To SPMU & DPMU Staff
		SPMU Level	District Level	
Induction Training (HR, Admin. & Acc.)		x	x	1
Training on Community Led Landscape Management Project & Community Natural Resource Management Plan		3	4	3
Training on Book Keeping & Procurement		x	26	1
VCF Training		x	4	x
GIS	Village Mapping & Boundary	x	9	x
	GIS Training	x	x	4
Grievance Redressal Mechanism and Documentation Guidelines		x	x	2
Developing TOTs for Project mobilization and Awareness in the Project		1	x	2
Training for Field Engineers		x	x	1
CLLMP Orientation on M&E and online reporting App		x	x	2
Training on Thematic Areas	Topic	No. of Trainings Held To VNRMC Members		No. of Trainings Held To SPMU Staff
		SPMU Level	District Level	
Training on Natural Resource Management	Covers all Thematic Areas	2	2	x
Springshed Management	Water Security	x	x	1
	Springshed Rejuvenation Training	x	x	1
Forestry, Agro- Forestry, Community Nursery, etc.	Training on Nursery Management	x	2	x
Soil & Water Conservation	Training on Soil & Water Conservation	2	x	x
	Training on Contour Trenches	x	1	x
Community Mobilisation & Social Management	Training on Gender & Social Inclusion	x	x	2
<b>Total No. of Training</b>		<b>8</b>	<b>48</b>	<b>20</b>
		<b>76</b>		

## Annex 4 – Supporting Detailed Information

### 1. Financial Management

**Budget and Disbursement:** GoM has provided funds amounting to Rs 20 crores and Rs 42.87 crores in February 2019 and November 2019 to MBMA for implementing the project. These funds are adequate to meet the immediate funding requirements of the Project. MBMA has projected Rs 75 crores to be spent in next six months (January 2020 to June 2020) and has prepared Annual work plan (AWP) of Rs 127.80 crores for ensuing FY 2020-21. The AWP will be submitted to Finance Department in January 2020 to incorporate in State annual budget of FY 2020-21 so as to withdraw additional project funds in FY 2020-21. The SPMU is regular in the submission of Interim Financial Reports (IUF) to the Bank. It has claimed disbursement for the expenses incurred till September 30, 2019. The disbursement under the project as of December 04, 2019 is USD 1.37 million, that is 2.8% of IBRD allocation of USD 48 million. The Bank team suggest SPMU to hereafter record payments made under the contracts in the Bank procurement system (STEP) for effective contract management and monitoring.

**Accounting and Financial Reporting:** The FM function at MBMA is headed by CFO and is supported by one assistant manager and program associate in SPMU and one program associate in DPMU. The books of accounts at SPMU and DPMU are maintained in an off the shelf accounting software. As project activities have increased, the bank team has advised SPMU to engage one additional assistant manager to manage additional work load and closely monitor financial activities of DPMU and VNRMC. The remuneration paid to this person can be claimed under the project.

**FM aspects for Community led activities:** The project has opened separate bank accounts and signed Village Grant Agreements (VGA) with 227 Nos of VNRMC and funds amounting to Rs 5.3 crores have been transferred till November 2019. The Bank team has advised DPMU to obtain Utilization certificates from VNRMC on funds spent by communities and report in the IFRs. The program associate in DPMU has provided coaching and mentoring to the bookkeeper / treasurer of VNRMC on accounting areas. Since FM and procurement capacity at VNRMC is weak and considering that project activities are progressing fast, another round of training program has been agreed to be organized by DPMU in the month of February / March 2020 with the technical support of internal auditors. The project team was suggested to take photographs of the training events and post them on project website. The bank team has advised DPMU to insert following additional clauses to the present and future VGA; (a) Six-monthly Utilization certificate (UC) will be provided by VNRMC to DPMU as per formats provided in community manual, supported by bank statement; (b) payments above Rs 5000 will be made by cheque to vendors; and, (c) VNRMC staff will enable SPMU/DPMU staff and its auditors to review community books.

**Audit:** The ToR of internal audit has been finalized and EoI was published in November 2019. The RFP will be issued in December 2019 and auditor is likely to be on board by February 2020. It was agreed that an orientation session on project activities and audit scope will be given to auditor and audit will commence in the first week of March 2020. The Entity audit report of MBMA for FY 2018-19 has been shared with the Bank during the mission. This entity audit has also covered project transactions. The Bank team will review the audit report and will share its opinion shortly.

The FM risk of the project is Substantial and FM performance rating as Satisfactory.

### 2. Procurement

*Procurement* Since the last mission 8 Goods contracts have been signed. 2 Goods contract and 4 Consultancy Services contracts are under process. MBMA informed that it is not facing any issues in use of STEP and that no procurement related complaints have been received. The project is

disclosing procurement information on its website: <http://mcllmp.com/advertisements/>. A procurement training with emphasis on community driven procurement was organized at the Bank's New Delhi office on March 12-13, 2019, as agreed in the last mission's Aide Memoire, and Procurement Section of COM was updated thereafter. The section on Consultancy Services selection will need to be updated to reflect realities on the ground. The Bank team drew the attention to the importance of training and capacity building of communities in Procurement, before initiating any procurement in order agreed procedures are followed, the importance of record keeping, and for keeping details of procurement carried out by communities in the format provided by the Bank. This information will be submitted by MBMA to the Bank on a quarterly basis.

The Bank Team noted delays in initiating procurement due to weak technical capacity, e.g. in drafting TORs. Delays in decision making/approval process were also noted. The Bank has been providing hand-holding support to address the former until the time the SPMU develops this capacity. However, the project needs to address and streamline its processes to expedite decision making and approvals.

The contract for selection of MIS Firm is expected to be signed by December 31, 2019. The REOI for selection of an internal auditor [TOR includes procurement review] has been floated on November 5, 2019 with last date of EOI submission as November 25, 2019. The REOI for selection of a Communications Agency was floated on September 16, 2019 and the RFP will be issued by second week of December 2019. MBMA advised that this delay was on account of Dussehra and Diwali holidays in October 2019. The TOR for hiring of agency for GIS is being prepared and will be submitted to Bank by December 15, 2019.

As the project is commencing implementation of CNRM plans, it was agreed to organize targeted trainings for specific audience such as [i] training on STEP for District Project Management Staff to familiarize them with the importance of procurement planning including STEP and procurement record keeping; [ii] training on procurement and FM for Purchase Committees/Book-keepers of communities implementing their approved CNRM plans; and [iii] a wholistic training on project procurement planning, and contract execution including administration, monitoring and supervision, and management, for staff of the SPMU. It is expected that the above trainings targeted for various key players at various levels will contribute to building procurement implementation and contract management capacity at various levels. In this connection, the Bank team requested the project to keep track and maintain details of number of procurement trainings and capacity building efforts undertaken under the Project.

Weak contract administration and management capacity was observed as contract execution was not as per expectation. For example, the contract with Training Needs Assessment has been signed on February 2, 2019 with M/s. Deloitte Touche Tohmatsu India LLP, Kolkata – there is no progress on this assignment and no payments have been made so far. VC Equipment has been procured but is pending installation as VC room to install infrastructure is not ready.

The Bank team was provided list of contracts subject to PPR during the mission. The PPR exercise will be conducted by the Bank in consultation with the client and draft report shared by February 2020.

The procurement performance is rated as Moderately Satisfactory, however will require diligent adherence to the agreed action plan and improvement in contract management capacity, so as to avoid downgrading of the current rating. The PRAMS for the project will reflect the procurement progress and will be updated accordingly.