

Government of India (GoI)

United Nations Development Programme (UNDP)

Support to Operationalization of the National Rural Employment Guarantee Act

The National Rural Employment Guarantee Act (NREGA) passed by Parliament in August 2005 is a legislation that guarantees wage employment on public works to any adult who is willing to do unskilled manual work, subject to a limit of 100 days per household per financial year. Failing this, the person will be provided with a daily unemployment allowance (one third to one half of the minimum wage). If employment or compensation is not given, the concerned person has the right to seek judicial intervention to secure his/her rights. This is not a targeted programme but one based on the principle of self-selection. There are several challenges in implementing the NREGA, but in the start up phase there is a need to focus on some key priorities. These would include communications, advocacy and social mobilization; social audit to ensure transparency and accountability; participatory planning for preparing need-based shelves of projects; and monitoring and evaluation including MIS for enhancing efficiency and effectiveness. This would require all round capacity building for different implementing agencies and other key stakeholders. Gender equity concerns need to be mainstreamed.

This project will support the MoRD in its efforts to operationalize the NREGA. This project will be implemented in phases. The **first phase** will commence immediately for a period of 12 months and would focus on development of national and sub-national communications strategies, development of capacity building tools to support the state governments and development of modules and prototypes for ICT-based MIS and M&E systems, including social audit and local planning. Consultations will also be held with key resource organizations which could support implementation of NREGA.

The **second phase**, of 5-year duration, will build upon the insights gained in the first phase and, sustain National efforts initiated towards strengthening management capacities, supervision, monitoring & evaluation, research and capacity building measures.

Country: India

UNDAF Outcome(s)/Indicator(s)

Enhanced capacity of institutions for planning and monitoring and service delivery

Expected Outcome:

Implementation of NREGA made more transparent, accountable and equitable with enhanced levels of community awareness leading to the development of sustainable livelihood resources.

Expected Output(s)

Enhanced capacities of central and state governments for implementing NREGA in a Rights-Based framework and preparation of poverty reduction strategies in line with MDG goals.

Executing Agency :

Ministry of Rural Development (MORD),GOI

Responsible parties:

Implementation agencies as identified under the Project

Programme Period: 1 April 2006-30 April 2007 (1st phase)
 1 May 2007 – 31 May 2012 (2nd phase)
Programme Component:1) Personnel,2) sub-contract,3) Equipment,4) Training and capacity development
Project Title: Support to the Operationalization of the National Rural Employment Guarantee Act
Project ID: _____
Project Duration: 1+5 years
Management Arrangement: NEX/DEX

General Management Support Fee _____
 Allocated resources: _____
 • Government _____
 • **Total budget:** _____
 • In kind contributions _____

On behalf of:

Signature

Date

Name/Title

Government

Madhu Sudan Prasad, Joint Secretary DEA

Executing Agency

Amita Sharma, Joint Secretary, MoRD

UNDP

Maxine Olson, Resident Representative, UNDP

United Nations official rate of exchange on the date of last signature of Project Document: US\$ 1 = Rs.45.02

Part I. Situation Analysis

Despite growing at the rate of six percent, the Indian economy has witnessed marked deceleration in employment generation. Even traditionally labour-intensive sectors like agriculture have seen a decline in employment elasticity leading to the phenomenon of “jobless growth”. This has been a major source of rural distress. Special wage- and self-employment schemes have in the past been designed to improve employment and reduce poverty in rural areas.

These schemes were all (a) targeted and hence required identification of beneficiaries and (b) lacked an element of guarantee (and payment of any unemployment compensation in case work was not available). Not treating employment as an enforceable right led to ineffective implementation of these schemes with doubtful impact on either employment generation or creation of durable community assets. Lack of transparency and accountability in these schemes, or any sense of participation in their design, were some of the other weaknesses in their implementation.

The National Rural Employment Guarantee Act (NREGA) passed by Parliament in August 2005 is a path-breaking legislation that guarantees wage employment on public works to any adult who is willing to do unskilled manual work for 100 days per household per year at minimum wages as prescribed in the Minimum Wages Act, 1948. Failing this, the person will be provided with a daily unemployment allowance (one third to one half of the minimum wage). If employment or compensation is not given, the concerned person has the right to seek judicial intervention to ensure his/her rights. This is not a targeted programme¹ but one based on the principle of self-selection. In these respects, the NREGA is very different from other employment guarantee programmes that have been implemented in India.²

The NREGA requires every state government to formulate an “employment guarantee scheme” (EGS) within six months, for the purpose of giving effect to the guarantee in areas where it applies. The Act is expected to come into force in 200 districts initially, and to be extended to the whole of rural India within five years. This will require strong systems for the effective management and implementation of the Schemes. The funds are on an unprecedented scale and therefore transparency and accountability will be key issues. For the first time Government will not be identifying beneficiaries through a targeted approach.

¹ It may be necessary to do some targeting to ensure equity. Global experience shows that when employment guarantee programmes involve hard physical labour, there is also the danger of excluding the most ‘deserving lot’ in need of the social protection. This might include people who are physically challenged or differently abled, people living with HIV/AIDS, destitutes, under-nourished men and women, female-headed households burdened with the care of young children and the aged who may have to work longer hours adding to their workload. Old people and some people who are physically challenged may also not be in a position to do as much hard manual labour, and therefore different innovative strategies need to be worked upon to find employment opportunities other than hard manual labour

² On the whole, there is sufficient global experience to show that cash transfer programmes do reduce income poverty. “The higher the value and the longer the duration of the cash transfers, the more beneficiaries were able to acquire productive assets, to invest in farming and informal economic activities, to save, and to provide assistance to their relatives. Secondary beneficiaries of these safety net programmes included not only the participants’ immediate and extended family, but also local traders and others who benefited from income multipliers generated by spending of transfer income.”(Devereux Stephen (2002) “Social protection for the poor: lessons from recent international experience”, **IDS Working Paper142** Institute of Development Studies, Sussex , p.14).

Therefore for successful implementation, potential beneficiaries need to be aware of their work entitlements and the essential elements of the Schemes. Besides their roles and responsibilities the implementing agencies also need to be aware of the legal implications as employment has been guaranteed as a right. Productive assets have to be created so that there is economic growth and for this there is a need to ensure that these assets are an integral part of the district plans.³

The NREGA is undoubtedly an innovative piece of legislation that has no parallel anywhere in the world. This is the first time that a government is guaranteeing work, failing which an unemployment allowance has to be given⁴. The task is enormous. Economists are concerned about the financial outlays required to deliver on this commitment. One major concern is whether guaranteeing employment is a way to alleviate poverty. Some field-based studies and impact assessments of the Employment Guarantee Scheme (EGS) in Maharashtra suggest that though poverty rates may not have fallen, the EGS does provide some security to poor households. Studies have shown that while the head-count ratio of poverty may not have gone down significantly, there is a considerable effect on the severity/depth of poverty because EGS wages augment the incomes of the poor.⁵

Given the diversity of the country and the different levels of preparedness, the Ministry of Rural Development (MoRD) requires to ensure that state governments, district authorities, implementing agencies such as panchayats and local government officials such as the Block Development Officers (BDOs) (who are likely to be the Programme Officers), are aware of their roles and responsibilities.

The Act provides a legal framework. The state governments have the legal liability and central government provides the fiscal guarantee. The Act ensures that there is decentralised planning. A perspective plan is to be prepared for whole district, which would provide a shelf of projects to be maintained by the Programme Officer, based on proposals from Gram Panchayats/ Intermediate Panchayats/ District Panchayats. Each Gram Panchayat proposal should have recommendation of Gram Sabha. A list of permissible works is given in Schedule I of the Act. These are concerned mainly with water conservation, minor irrigation, land development, rural roads, etc. However, the Schedule also allows "any other work which may be notified by the Central Government in consultation with the State Government".

³ A USAID funded large scale rural public works programmes in Bangladesh in 1980 (Title II food aid), generated each year 25 million days of labour and over 6000 miles of rural roads and one evaluation concluded that completed roads improved local communication, reduced transportations costs, increased commercial activity, improved access to health services, use of family planning services and primary school attendance.

⁴ Some international experiences also indicate a preference for cash payment around harvest time, agricultural inputs during plantation, and food during the hungry season. Women are more likely to request payment in food than men; communities closer to the road more likely to request for cash as compared to those further from roads and towns.

⁵One illustration of this comes from the fact that Maharashtra seems to be the only state that was successful in preventing an increase in any of the poverty measures during the 1987-8 drought. Gujarat experienced a 4 percentage point increase (over the HCR in 1983) in the HCR during the 1987-8 drought, whereas poverty continued to fall in Maharashtra through this crisis. This indicates that though poverty decline in Maharashtra could have been better, the EGS certainly enhances security. See, Khera,Reetika (2005) "Maharashtra's Experience with the Employment Guarantee Scheme" (draft for discussions).

The Act includes various provisions for transparency and accountability, such as regular social audits by the Gram Sabhas, mandatory disclosure of muster rolls, public accessibility of all EGS documents, regular maintenance of job cards, etc. A copy of the same will be made available to the public on demand.⁶ The Act states that “whoever contravenes the provisions of this Act shall on conviction be liable to a fine which may extend to one thousand rupees”.

Role of Central Government

The central government will be responsible to make rules, issue guidelines, notify areas for the application of the Act, communicate the provisions of the Act, provide a budget and release the central share. They have to establish a fund called the Central Employment Guarantee Fund. They will set up a Central Employment Guarantee Council (CEGC) which will promote the widest possible dissemination of information about the Act and the Schemes made under the Act. The functions of the CEGC are: 1) to establish a central evaluation and monitoring system and advise the Central Government on all matters concerning the implementation of this Act; 2) to review the monitoring and redressal mechanisms; 3) to monitor the implementation of this Act and 4) to prepare annual reports to be laid before Parliament on the implementation of this Act. The Central Council will have the power to undertake evaluation of the various Schemes and collect necessary information/data for this purpose. The Central Government will pay for unskilled labour costs and 75 per cent of the material cost of the scheme including payment of wages to skilled and semi skilled workers.

Role of State Governments

The state governments will make rules on matters pertaining to state responsibilities. They will have to make and notify the State employment guarantee scheme and communicate the same. They have an option to setup a State Employment Guarantee Fund for the purpose of the implementation of the scheme. They will have to make a budget provision, release the state share and support the planning and implementation of the National Rural Employment Guarantee Act (NREGA). They will have the core responsibility for training and capacity development as well as monitoring and evaluation.

For the purposes of regular monitoring and reviewing the implementation of this Act, every State Government has to constitute a State Employment Guarantee Council. The functions of the State Council will include 1) advising the State Government on all matters concerning the Scheme and its implementation in the State; 2) promoting the widest possible dissemination of information about this Act and the Schemes under it; 3) reviewing the monitoring and the redressal mechanisms; 4) monitoring the implementation of this Act and the Schemes in the State and coordinating such implementation with the Central Council and 4) preparing the annual report to be laid before the State Legislature by the State Government. State governments have to pay the unemployment allowance and 25 per cent of the material cost and wages to skilled and unskilled workers.

⁶ A safety net programme implemented in Mozambique, (between 1992-1997), appeared to be performing well in cost efficiency terms when its cost of administration fell from 13% to 7% in 1995. But lack of supervisions of project staff and monitoring of beneficiaries resulted in massive leakages to non poor and petty corruption by state officials.

Role of District Administration

The role of the district administration is very important. The Chief Executive Officer (CEO), Zilla Parishad or the District Collector or any other district level officer will be designated as the District Programme Coordinator (DPC). The DPC will assist the District Panchayat/Zilla Parishad at the district level in discharging its functions under this Act and any Scheme made under this Act. DPC will also assist in consolidating the plans prepared by the blocks. All such plans will be included in the shelf of projects to be approved by the District Panchayat. The DPC will also review, monitor, conduct periodic inspection of the works and redress the grievances of the applicants. DPC's responsibilities include ensuring that funds are utilized properly.

A person in the rank of Block Development Officer (BDO) will be designated as the Programme Officer (PO) and will assist all the panchayati raj institutions in the block. The PO will assist the process of plan preparation, monitor the projects, ensure prompt and fair payment of wages, ensure payment of unemployment allowance, ensure regular social audits as well as disposal of disputes or complaints within seven days or forward it to any other relevant authority for resolution.

The unemployment allowance payable to the household will be sanctioned and disbursed by the Programme Officer or any other designated local authority (including the Panchayats). Every case of non-payment or delayed payment of unemployment allowance shall be reported in the annual report submitted by the District Programme Coordinator to the State Government along with the reasons for such non-payment or delayed payment.

Role of Panchayats and other implementing agencies

The Panchayats at district, intermediate and village levels shall be the principal authorities for planning and implementation of the Schemes made under this Act. It is envisaged that the Gram Panchayats will implement half of the EGS works in terms of cost but implementing agencies may include other departments such as public works, forest, agriculture, irrigation and so on. Private contractors are banned. Panchayats will play an important role in the formulation of plans and shelf of projects at all levels.

The Gram Sabha will monitor the execution of the works, conduct regular social audits and the Gram Panchayat will prepare and maintain relevant documents with all details and make available all documents pertaining to the works to the Gram Sabha for this purpose.

Key challenges

There are several challenges in implementing the NREGS. The foremost challenge comes from the fact that a number of institutions and departments have implementation responsibilities. Therefore institutional arrangements have to be made at every level. The foremost being the strengthening of the administrative structure to implement NREGA. These include the centre, state, district, block and village levels. A large number of institutions will be involved in decision-making, implementation, grievance redressal, disbursement of funds, planning works and appointing staff to run the scheme. Employment Guarantee Councils have to be set up at the centre and in states.

UNDP also supports major initiatives in terms of strengthening state plans for human development, decentralized planning and also Gol's backward districts programme in select states and districts as well as state livelihood missions in Rajasthan and Orissa.

Operationalization of the Right to Information Act, 2005 is critical to the success of the implementation of NREGA. Therefore, simultaneous action is also required to put systems in place to give effect to this Right. Both the rights are inextricably inter-linked: one is important for the other.

The challenges facing the implementation of the NREGA are enormous. The effective implementation of the NREGA would require improved planning and management capacity, enhanced transparency and accountability, convergence of other employment schemes and programmes and access to information. Some priority areas are discussed below:

Communications, advocacy and social mobilization

Communications strategies are required to ensure an understanding of the scheme among key stakeholders such as rural households, Panchayati Raj Institutions (PRIs), user groups, local communities, NGOs and local government officials. A broad outline for a strategy would be required that can be tailored to local conditions for raising awareness about the Scheme and social mobilization among potential participating households. This would help them to understand their rights and entitlements, the role of the implementing agencies and government functionaries, the redressal mechanisms and as this is a right, the legal recourse available to them. Local NGOs, local communities, user groups and village-level organizations may have the role of providers of information. They need to be mobilized and sensitized about the Act and its rules and guidelines so that they can supplement and assist implementing agencies in doing their work.⁷ Similarly, implementing agencies like PRIs and local government officials need to understand their roles and responsibilities. At the district level, officials would be required to understand not only the needs of the beneficiaries and the implementing agencies, but also their own roles and responsibilities. For a two-way interaction between these stakeholders, a People's Information System (PIS) could be developed. The effective implementation of EGS depends on people's access to information about the programme, its rules and regulations, guidelines, mechanisms for enforcement and so on. It is essential that the Right to Information Act, (RTI) recently enacted, is also enforced in letter and spirit⁸.

Capacity development

The implementation of the NREGA hinges upon organized and systematic capacity development of people at all levels. Starting from households that need support to identify

⁷ UNDP in partnership with MoRD is supporting a project on social mobilization around natural resource management for poverty alleviation in 11 districts in the three states of Orissa, Jharkhand and Rajasthan.

⁸ UNDP has experience of supporting Gol in this area. Under the RTI projects (with DoPT), UNDP has supported right to information work by enhancing the capacity of government officials through training and exposure visits to public hearings. Building perspectives and providing a platform for interaction of a diverse set of stakeholders including NGOs and media on RTI and enhancing the capacity of citizens to demand information have been other priorities. Under the newly signed project on Access to Information, UNDP will support the Gol to operationalise the RTI Act 2005.

their labour requirements to the panchayats, local NGOs, user groups, village-level organizations and local government officials – all require capacity development to understand their own roles and responsibilities in the implementation of the Act. Training modules focusing on NREGA would need to be developed for each category of stakeholder. Since the government has a whole range of central and state-level training institutes, including state administrative training institutes (ATIs) and state institutes of rural development (SIRDs), it will be important to ensure that capacity development interventions under NREGA link up to these institutions, as well as other quality Institutions.

District planning

District planning needs to be strengthened so that works that are taken up are of relevance and of enduring quality. Skills have to be upgraded to match the needs of the area so that through this process of providing employment guarantee, rural economic growth is ensured. This would require support to districts to prepare area development plans. Village development plans need to take into account all available natural and human resources and issues related to seasonality, employment opportunities, access to credit and local markets. Above all, steps will have to be taken to ensure that rural households participate in the district planning and identification of works. The NREGA provides for participation of rural households in the planning process through Gram Sabha, which is to be buttressed qualitatively through planning methodology. This district and sub-district planning would assist the district administration in coming up with both short-term projects as well as long term plans. The district administration will also require technical support for assessing the viability of the work programmes identified at the village-level.⁹

Monitoring and evaluation

For tracking expenditure under the NREGA as well as for plugging leakages and ensuring that the works are of endurable quality, close monitoring and concurrent evaluation of the programme would be required for mid-course corrections. The monitoring and evaluation mechanisms at the Centre, state and District levels would need to be strengthened to ensure effective implementation of the NREGA. There is need to ensure that linkages are strengthened between the planning departments and the nodal department identified for the implementation of the NREGA at the state level. It would also be necessary to gauge and bridge the inter-state differences in performance under this programme. This will also provide an opportunity for cross-learning between and within states as also strengthen databases for further development planning at various levels. Strong inter-linked MIS needs to be put in place to enable implementing agencies to keep track of the programme. A strategy also needs to be developed where local NGOs, user groups and village level organizations can monitor the use of NREGA funds with the government in a participatory manner so that transparency and accountability are ensured. Monitoring of the programme should be

⁹ Under the Planning Commission-UNDP project on Strengthening State Plans for Human Development, about 25 districts (in 8 States) that have low Human Development Index values are initiating the preparation of district HDRs. The district level reports prepared in a participatory manner with the involvement of the PRIs and district administration are designed to serve as tools for district planning and could also be used for preparing sub-district and district level plans for NREG. Similarly, under another UNDP-Planning Commission project on district planning in nine districts (in four states of MP, Chhattisgarh, Orissa and Rajasthan), the process is under way to build capacities of panchayats to prepare local development plans, strengthen their fiscal domain and oversight role of local bodies (especially gram sabha) through social audit. UNDP's ongoing capacity development programmes for PRI's with Ministry of Panchayati Raj could integrate NREG training modules.

undertaken by independent agencies, NGOs, and experts so that they also play a watch dog role.

Part II Strategy

The challenges for implementing NREGA are both at the national as well as the state levels. Therefore the strategies will vary according to levels. Since a lot of preparatory work is required, it is proposed that the project activities be implemented in a phased manner.

In the **first phase** (which will be for a period of 12 months), preparatory activities will be initiated. These will include providing expert support to MoRD at the national level, supporting development of national and state level strategies on communication and advocacy, monitoring and evaluation systems, development of capacity building tools for local planning, skill development, monitoring and evaluation and social audit, preparing modules and prototypes for field testing.

Identification of resource institutions for capacity building, developing Information Technology enabled system for NREGA, monitoring and evaluation, planning, preparation of communication materials, designing works, developing measurement systems and social audit will be undertaken during the first phase of the project. In addition it will be in the first phase where estimations will be made of the financial outlay required to replicate the strategies in all the identified districts for the second phase of 5 years.

There are lessons to be learnt from international experiences in implementing social protection programmes, even though they may not have provided legal guarantee in the same manner as the NREGA. ILO has been working for several decades on promotion of productive employment for men and women combined with their basic rights at work, as well as protection for and dignity of workers. They are well placed to bring together practitioners and development specialists who have worked on employment guarantee issues in different parts of the globe. This would be immensely useful for the GoI as it begins to implement the NREGS. UNDP and ILO could support the sharing of international best practice during the first phase so that lessons learnt can be incorporated in the main phase of the project.

In the **second phase**, which will be for a period of 5 years, the strategies developed in the first phase would be continued based on a deepening analysis of contextual needs and emerging challenges. Under the ICT related component some of the possible interventions are detailed in **Annexure I**. Preliminary discussions on these have been held with the Department of Information Technology, Ministry of Communications & Information Technology (MOCIT).

Part III. Management

A. Management Structure

Project Executive: The Ministry of Rural Development (MORD) would execute the project and in this role assume the overall responsibility for the achievement of the project outcomes. As a part of its overall coordination role, MoRD will assist in linking the project partners with the relevant on-going schemes and programmes of the Ministry and with the state government initiatives. MoRD will also facilitate technical support through expertise, materials, etc. to facilitate state government and national efforts to implement NREGA.

National Project Director: Joint Secretary, MoRD will be the National Project Director. S/he will co-ordinate project execution on behalf of MoRD. S/he will designate a senior officer as the Executive Officer for the project.

Empowered Project Standing Committee (PSC): The NPD would manage the project through a 'project executive group' to be called the Empowered Project Standing Committee (PSC). The PSC would be chaired by the NPD and have the following as members: Director Department of Economic Affairs, UNDP Assistant Resident Representative, Finance Division of MoRD and would be free to invite experts as and when required.

The main functions of the PSC are as follows:

- Approval of annual project work plan and budget.
- Approval of project implementing agencies.
- Implementing the monitoring, evaluation and research (MER) strategy, particularly ensuring that participatory monitoring and evaluation (PME) at the grassroots is the base on which the overall M&E superstructure is built.
- Assessing development outcomes vis-à-vis the planned targets.
- Identifying policy lessons from the Project, which are replicable.

The Empowered Standing Committee would meet at least once in three months to review progress.

Project Manager: A fulltime Project Manager will be appointed by MoRD to coordinate the management functions and monitor the project's progress. The Project Manager would submit quarterly progress report to the PSC. The Project Manager would maintain a log of the main issues (Issues Log) that may require decision-making by the PSC. The Project Manager would also maintain a log of risks (Risk Log) that may affect the project's progress towards the achievement of outcomes.

The Project Manager will also manage the project cell and the experts recruited by UNDP-MoRD for that purpose.

Project Support: The Project Manager would be supported by a project support structure, which would be structured according to need. This will include a core group of experts, who would comprise the first tier of Project Cell and their draft Terms of Reference are attached at **Annexure II**. The experts will be supported by National UN Volunteers (NUNVs), programme officers and support staff so that each expert has a small unit to assist her/him.

Project Assurance: UNDP's primary responsibility under the partnership would be to support the Project Assurance function which provides an independent feedback (through periodic monitoring, assessment and evaluations) on how appropriate project management milestones are managed and completed.

UNDP Support for Project Management: Apart from the project staff and experts recruited and paid for by UNDP, they would also sub-contract expert institutions at the specific request of MoRD. UNDP would use the sub-contract modality for transferring funds to the resource institutions.

UNDP would also provide support for travel, office accommodation (till such time as MoRD makes space available for the Cell) and provide support for office equipment.

Implementing Agencies (IAs): The identified State Governments, networks of NGOs (at national and state levels), identified resource agencies and select PRIs will be the Implementing Agencies.

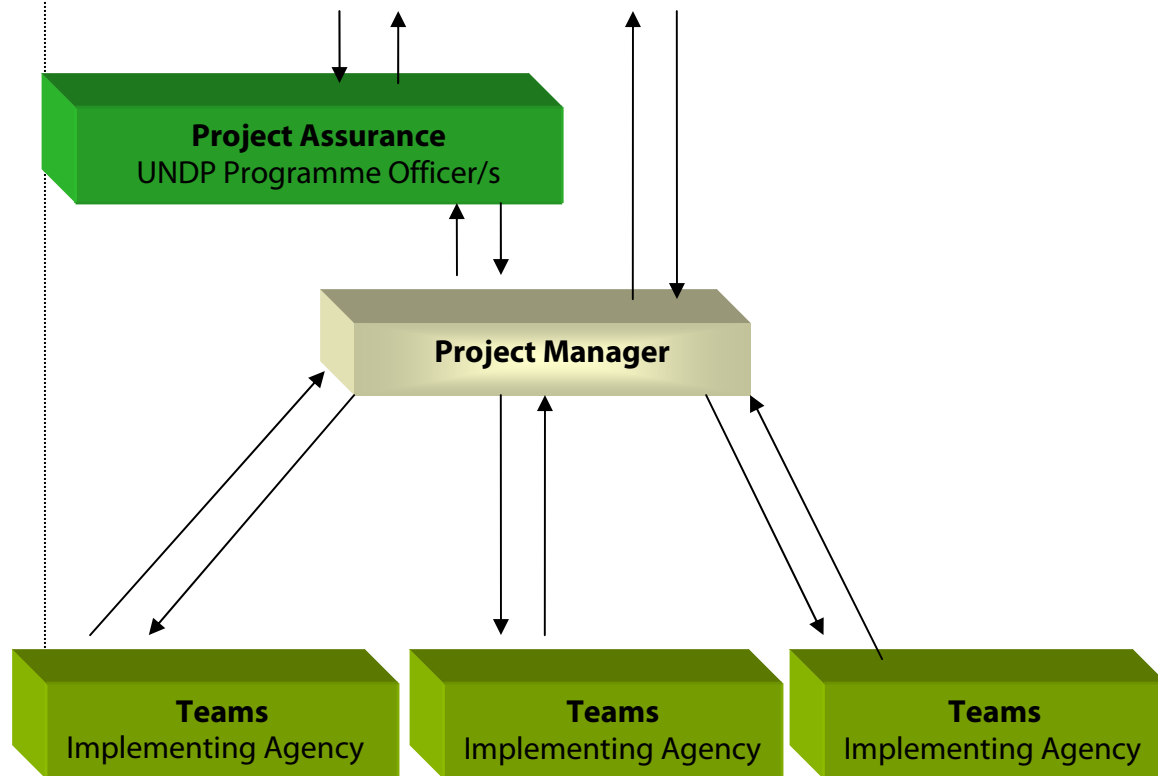
UNDP/Project Manager will enter into a Project Cooperation Agreement (PCA)/Memoranda of Understanding (MOU) with IAs. As part of the agreements, IAs will sign an undertaking on the attached HIV and AIDS Policy (**Annexure III**) and will abide by the suggested policy on sexual harassment (**Annexure IV**), if not in place already.

IAs will submit annual workplans (with timelines and budget), and annual revisions to the Project Manager for approval by the PSC. They will report on quarterly basis to the Project Manager and UNDP on agreed lines and seek the guidance of PSC through the Project Manager in case of exceptions.

Project Management Arrangements

Empowered Project Steering Committee (Project Executive Group)

- Executive – MORD
- Senior Supplier – SDRR/ARR, UNDP
- Department of Economic Affairs
- Representatives from Finance Division of MoRD and UNDP



Part IV. Monitoring, Evaluation and Research

The primary responsibility of monitoring this project would be that of MoRD supported by UNDP. Monitoring indicators would be developed by MoRD and UNDP in consultation with experts. Monitoring would be an on-going process and independent agencies, NGOs and experts would be hired to ensure that there is transparency and accountability. Mid-course corrections would be made to ensure that this is a dynamic process.

Process documentation and research would be commissioned during the life of the project. Independent institutions would be subcontracted to undertake process documentation and provide feed-back to the government of India so that corrective action and directions can be given in time.

Monitoring indicators would be developed at the national level for use by the state governments.

Part V. Risk Analysis

Given the complexities involved in the implementation of such an ambitious programme with a large number of stakeholders at various levels, there are chances that some components of the project may be inordinately delayed. The success of the project depends largely on government ownership, particularly that of state governments and district officials. Given the strong political commitment at the highest level and the partnership with civil society organizations which made this Act possible, the risks are few. The project has sufficient flexibility to absorb any potential risks.

Part VI. Legal Context

This project document shall be the instrument envisaged in the supplemental provisions to be the project document, attached hereto.

The following types of revisions may be made to this document with the signature of the UNDP Resident Representative only, provided he or she is assured that the other signatories of the project document have no objections to the proposed changes.

Revisions in, or addition of, any of the Annexes of the project document (with the exception of the Standard Legal Text for non-SBAA countries which may not be altered and agreement to which is a pre-condition for UNDP assistance;

Revisions which do not involve significant changes in the immediate objectives, outputs of activities of the project but are caused by the re-arrangements of inputs already agreed to or by cost increases due to inflation; and

Mandatory annual revisions, which replace the delivery of, agreed project inputs or increased experts or other costs due to inflation.

The Executing Agency and Implementing Agency shall, at all times, ensure compliance with the NEX Guidelines annexed hereto and also comply with the requirements contained in the UNDP Procedures for National Execution (April 1998) to the extent they do not conflict with the said NEX Guidelines or extant rules and provisions of GOI.

Section II - Results and Resources Framework

The Results and Resources Framework (**Annexure V**) represents activities to be implemented in the first Phase. A separate Results and Resources Framework would be developed for the second Phase during the implementation of the first phase.

Section III—Total workplan and budget

The first phase budget is at **Annexure VI**. The project would be implemented in a phased manner. The first phase would be for a period of 12 months. This would be followed by the second phase of 5 years. The first phase will start on 1 April 2006 up to 30 April 2007. The second phase will start on 1 May 2007 and continue till 31 May 2012. The first year detailed annual work-plan is at **Annexure VII**. UNDP would make available US\$ 2 million from its core budget for activities mentioned in the results and resources framework. Additional resources would be mobilized with assistance from MoRD and DEA. The budget for the first phase would be US\$2,000,000. Additional resources of up to US\$ 15,000,000 would be made available at the request of the government of India.