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Memorandum of Agreement

This Memorandum of Agreement, hereinafter referred to as "**MoA**", is made on 27th day of March 2023.

BETWEEN

Department of Agriculture & Farmers Welfare, Ministry of Agriculture & Farmers Welfare, Government of India hereinafter referred to as the **FIRST PARTY,** which expression shall, unless the context otherwise requires, include his successor, and assign of the one part.

AND

The United Nations Development Programme (UNDP), hereinafter referred to as the **SECOND PARTY,** which expression shall, unless the context otherwise requires, include his successors and assigns, of the other part, in the implementation of a UNDP Project (the "Project"). The FIRST PARTY and the SECOND PARTY together are hereby referred to as the "PARTIES".

WHEREAS the FIRST PARTY is committed to provide Financing and Insurance support to the famers especially small & marginal farmers of the country in order to provide finances for operational requirement and improve financial resilience of farm households getting adversely affected by inclement climatic risks and natural disasters through flagship programms of KCC-Modified Interest Subvention Scheme (KCC-MISS) & Prashan Mantri Fasal Bima Yojna (PMFBY)

AND WHEREAS the SECOND PARTY, has committed to extend support to the FIRST PARTY in **Supporting the Effective Implementation of Agricultural Credit and Insurance Schemes in India** and is an integral part of the United Nations and an international public organization, which strives for change and connects countries to knowledge, experience, and resources towards achieving sustainable development goals. As such, the SECOND PARTY will execute and implement the program ensuring convergence with the government schemes and will work towards the resilience building of the community.

NOW, THESE PRESENT WITNESSES and the Parties hereby agree as follows:

1. SCOPE OF THE MoA:

Whereas the parties have enjoyed long-lasting and mutually beneficial relationship, the future holds much promise for expanded relationship and co-operation. As such the parties in order to develop their relations in the interest of each other as well as society, in general, intend to leverage their skill, experience, and resources to work together. With a view to cooperate in areas of mutual concern to strengthen the agricultural risk financing and risk management

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sector within the framework of National flagship programme such as the Pradhan Mantri Fasal Bima Yojana (PMFBY) , Modified Interest Subvention Scheme (MISS) under Kisan Credit Card (KCC) the parties signed a broad based MoU dated 12th May, 2022, Article II clause 2.2 of which stipulates for setting up of a Project Monitoring Unit (PMU) in line with the requirements under the two schemes. Furthermore, the Parties intend and desire to enter into a MoA for providing a framework to fulfil agreed objectives.

2. **OBJECTIVE OF THE AGREEMENT**:

(a) The objective of this MoA is to provide a framework for continuing cooperation between the PARTIES, for a sustainable and climate-resilient agriculture sector with increased incomes, secured livelihood, and better quality of life, particularly for small, marginal, and women farmers. The objective of MOA will inter alia include the following:

- To render technical assistance for the execution and the management of the crop insurance schemes and cooperate to support the capacity-development of targeted key stakeholders in risk transfer through Insurance. Working on improved financial management mechanisms, on-field techniques with specific focus on the use of advanced technology

- Efficient and transparent implementation of agri-value chain financing, agriculture credit, risk management and risk mitigation solutions with a focus on improved service delivery
- Improved awareness, capacity, and enhanced convergence between key stakeholders lead to enhanced adoption by states and increased access to farmers
- Development of wide spectrum of innovative and customised products and services based on alternate risk sharing mechanism with international best practices for need based agri-financing and climatic/catastrophic risk.

(b) In accordance with the background, objectives, and purposes, as described above, the SECOND PARTY agrees for working towards

- Strengthening systems and processes for improved services for users and stakeholders across the whole system of Pradhan Mantri Fasal Bima Yojana (PMFBY), Modified Interest Subvention Scheme- Kisan Credit Card (MISS-KCC) or any other initiative in the Crop Insurance & agri-credit sector Increasing access to information and awareness of the schemes for farmers by refining the IEC framework and targeted capacity building of key stakeholders for strengthening the institutional capacity.
- Strengthening the technical backbone by facilitating development of integrated, dynamic, and interactive IT platform and development of innovative data-driven approaches for agri-financing, insurance products, and guidelines for farmers
- Improving the financial management mechanisms to streamline flow of government funds (subsidies/subventions) across PMFBY and MISS-KCC
- New product development / Pilot innovative agri-insurance and risk financing products with the use of advanced technologies such as artificial intelligence, machine learning, remote sensing, and

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- Collaboration with international experts and agencies on crop insurance and agri-financing for international knowledge transfer on best practices and creation of knowledge repository

Full project detail is attached as Annexure I.

3. **DURATION OF THE MoA**:

Since PMFBY and KCC-MISS schemes are approved till 31st March 2026, this MoA shall come into force for all purposes from **25th February 2023** and shall remain in force till **31st March 2026** unless terminated earlier by mutual consent of the PARTIES, which may be extended by mutual consent of both PARTIES in writing through an amendment.

4. **ROLES AND RESPONSIBILITIES OF EITHER PARTY**:

Both PARTIES shall carry out their respective roles and responsibilities in close coordination with each other. Detailed roles and responsibilities of each party in the areas of Project Management, Capacity Building, Documentation & IEC etc. shall be as below:

4.1 Roles and Responsibilities of FIRST PARTY

The FIRST PARTY: -

i) Will constitute a Project Steering Committee (PSC) chaired by Joint Secretary, Department of Agriculture & Farmers Welfare, Ministry of Agriculture & Farmers Welfare, Government of India and co-chaired by Resident Representative UNDP for periodic review of project activities.

   a. The PSC will meet on bi-annual basis.
   b. The PSC will review the progress & performance of the project periodically and each expert / resource will have their specific KPIs against which performance of each individual consultant will be evaluated on annual basis. Performance of individual consultants will linked to annual appraisal / increment and continuation of service contract.
   c. The PSC will be empowered to take decisions regarding re-appropriation of budgets across different sub-components subject to overall limit of the total approved project budget based on the requirements and criticality of the project functions/sub-components and replacement of obsolete project functions (Resources / Titles) with emerging functions (Resources / Titles) during the currency of the project. PSC will also be empowered to assign and delegate relevant authorities to National Programme Director for efficient functioning of the project.

ii) Will appoint a Nodal Officer (Focal point) within the Department of Agriculture & Farmers Welfare, Ministry of Agriculture & Farmers Welfare, Government of India to facilitate coordination with the SECOND PARTY.

iii) Will nominate departmental representative in the interview panel for the selection of candidates.

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iv) FIRST PARTY may seek support from SECOND PARTY to create resource-pool of consultants/personnel to set-up State level PMUs on the written request of the concerned states. For this, SECOND PARTY shall have a separate and independent MoA/Agreement with the respective state.

v) Will provide mobilization advance up to six months of the project cost for the first year to the SECOND PARTY as mutually agreed to and as per General Financial Rules [GFR]

vi) Will on the basis of a request for payment of the FIRST PARTY will release mobilization advances of 30% of the project cost for the first year to facilitate smooth operation of Project activities and subsequently based on the incurred expenditure statement of SECOND PARTY exhausting 75% of already released funds, release Funds to the SECOND PARTY as per following the schedule for the following contract period.

Hence the tranche schedule would formulate as follows:

S.No	Tranche & Tentative timelines	Schedule of payment
1	**First Tranche (After signing of MOA)**	Rs. 30 crores advance (30% of contract value) as mobilisation advance payment to be released by the FIRST PARTY at the start of the project which shall be adjusted periodically with financial / expenditure reports to be submitted by UNDP on quarterly and annual basis.

Thereafter, FIRST PARTY will release funds in each financial year of the Project on the basis of the request for release of funds made by the SECOND PARTY on half yearly Basis subject to satisfactory performance of the assigned task and expenditure statement and after successful utilisation of 75% of released funds.

3	**2nd Tranche**	Rs. 20 crores (20% of contract value) upon utilization of 75% of First Tranche, subject to satisfactory performance of assigned tasks and submission of detailed expenditure statement
4	**3rd Tranche**	Rs. 20 crores (20% of contract value) upon utilization of 75% of Second Tranche, subject to satisfactory performance of assigned tasks and submission of detailed expenditure statement
5	**4th Tranche**	Rs. 20 crores (20% of contract value) upon utilization of 75% of Third Tranche, subject to satisfactory performance of assigned tasks and submission of detailed expenditure statement
6	**5th Tranche**	Rs. 10.08 crores (10% of contract value) upon utilization of 75% of Fourth Tranche, subject to

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		satisfactory performance of assigned tasks and submission of detailed expenditure statement.

4.2. Roles and Responsibilities of SECOND PARTY

The SECOND PARTY: -

i) Will engage individuals and/or agencies for supporting the implementation of planned activities as detailed out in the Project Document.

ii) Recruitment of contractors/personnel will be done by the SECOND PARTY as per the Terms of Reference (ToR) for each contract/position following exclusively the selection mechanism stated in the **Human Resources Policies and Standard Operating Procedures** of the SECOND PARTY. A representative of the FIRST PARTY will be part of the interview process.

iii) Will set up technical support unit within the DoA&FW and will provide Project Management Support including:

- Mobilizing personnel, goods, and services, to initiate activities,
- Preparing and submitting financial reports;
- Monitoring financial resources and accounting to ensure accuracy and reliability of financial reports as per UNDP rules.

iv) Will request for mobilisation and other advances, as agreed to. Will present a request for payment for settlement of advance or release of payment to an authority appointed by the FIRST PARTY for smooth implementation of the project. All activities will be undertaken as per the rates in the approved by the SECOND PARTY as cleared by the FIRST PARTY in the budget/TOR. The SECOND PARTY will seek approvals of FIRST PARTY for any variation above ten per cent within the specific budget lines. Care will be taken to ensure that the overall project budget is not exceeded except for reasons beyond the control of the PARTIES.

v) SECOND PARTY will provide support to FIRST PARTY to create resource-pool of consultants/personnel to set-up State level PMUs if the state desires so and request FIRST PARTY in writing for the same. For this, SECOND PARTY shall have a separate and independent MoA/Agreement with the respective state on same terms and conditions as mentioned in this MoA

vi) Will submit a request for payment to the FIRST PARTY along with expenditure statement based on actual expenditure as per the scheduled outlined in 4.1 (vi) above.

vii) Will submit Financial and Progress Report to the FIRST PARTY at agreed intervals in accordance with the SECOND PARTY formats. The final certified financial report shall be issued on 30th June of the following year after completion of the Project.

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viii) All activities of the SECOND PARTY (including but not limited to asset disposal, procurement, narrative and financial reporting and project management implementation) shall be conducted as per the Financial Regulations and Rules and procedures and directives (including the Human Resources Policies and Standard Operating Procedures) of the SECOND PARTY.

5. COST OF THE PROJECT:

Activity-wise cost of the project including management cost shall be as mentioned below: (Detailed project costs are part of Annexure 1)

Supporting the Effective Implementation of Agricultural Credit and Insurance Schemes in India						
S.No.	**Particulars**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Total**
		(Amount in INR)				
1	Human Resource	12,58,80,000	13,21,74,000	13,87,82,700	14,57,21,835	54,25,58,535
2	Capacity Building	90,00,000	84,00,000	63,40,000	68,24,000	3,05,64,000
3	IEC & Advocacy	50,00,000	55,00,000	60,50,000	66,55,000	2,32,05,000
4	Research, Knowledge Paper, Product Sandbox	40,00,000	60,00,000	80,00,000	20,00,000	2,00,00,000
5	Monitoring & Evaluation	0	20,00,000	0	30,00,000	50,00,000
6	Remote Sensing Technology Equipment Procurement (Servers, Software, Storage and Terminals & Maintenance)	2,49,22,000	45,42,800	52,24,220	60,07,853	4,06,96,873
7	OPEX	6,57,00,000	6,27,90,000	6,86,46,500	7,46,71,125	27,18,07,625
TOTAL		23,45,02,000	22,14,06,800	23,30,43,420	24,48,79,813	93,38,32,033
Management Cost @ 8%		1,87,60,160	1,77,12,544	1,86,43,474	1,95,90,385	7,47,06,563
GRAND TOTAL (INR)		**25,32,62,160**	**23,91,19,344**	**25,16,86,894**	**26,44,70,198**	**1,00,85,38,596**
GRAND TOTAL (USD @ INR 79.75)		3,175,701.07	2,998,361.68	3,155,948.51	33,16,240.73	1 ,26,46,251.98

6. RELEASE OF PAYMENTS

a) On written request from the SECOND PARTY, the FIRST PARTY shall examine and release a mobilization advance up to up to 30% of the project cost for the first year to facilitate smooth operation of Project activities.

b) The SECOND PARTY through its Programme, Human Resource and Finance teams will provide programme management support and will charge a Management Fee of 8% on the gross expenditures as indicated in the Table at Point 5 above. This is in accordance with the provisions on cost recovery as per the decisions and directives of the SECOND PARTY'S Executive Board reflected in its Policy on Cost Recovery from Other Resources.

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c) The FIRST PARTY shall disburse Funds in accordance with the terms of payments set out above, and shall deposit the Funds in the bank account detailed below:

Account Name	**UNDP Representative Rupee A/c**
Bank Name/Address	**Bank of America**
	DLF Centre, Sansad Marg, New Delhi-110001 – India
Bank A/c No:	**21100019**
RTGS/IFSC Code:	**BOFA0ND6216**
Swift Code:	**BOFAIN4XDEL**

7. The FIRST PARTY will inform the SECOND PARTY when the Funds through Real Time Gross Settlement [RTGS] are paid via an e-mail with remittance information to contributions@undp.org and amit.kumar@undp.org providing the following information:, Title of the Project: **Supporting Effective Implementation of Agricultural Credit and Insurance Schemes in India**
8. All payments made, and expenditures incurred under the Project shall be incurred in Indian National Rupees (hereinafter referred to as INR).

9. SECOND PARTY's accounting currency is the United States Dollars (herein referred to as USD). Therefore, for its accounting purposes, the value of the payment made in a currency other than USD shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Change in value of USD will have no bearing on the payment to be released by the FIRST PARTY.
10. The above schedule of payment takes into account the requirement that Funds shall be paid in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery. If unforeseen increases in expenditures or commitments are expected or realized (whether due to exchange rates or unforeseen contingencies) UNDP shall submit to the Government on a timely basis a supplementary estimate showing the further financing that will be necessary. The Government shall use its best endeavours to make available to UNDP the additional Funds required. If additional financing is not possible, UNDP shall have the faculty to modify, suspend or terminate the activities under the Project.
11. Financial accounts and statements shall be expressed in United States Dollars and in INR (on a provisional basis).
12. Any change in the currency of the Funds will be made only in Agreement with the FIRST PARTY.
13. The aggregate of the amounts budgeted for the Project, together with the estimated costs of reimbursement of related support services, shall not exceed the total resources available to the Project under this Agreement as well as Funds which may be available to the Project for Project costs. Additional services related to Project Outputs may be provided by the SECOND PARTY at an additional cost to FIRST PARTY on mutual

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agreement, on the same terms as set out in paragraph 6 relating to the 'Release of Payments'.

14. The implementation of the responsibilities of the SECOND PARTY pursuant to this Agreement and of the relevant Project shall be dependent on receipt by the SECOND PARTY of the Funds in accordance with the terms of 'Release of Payments' set out in paragraph 6, above. The SECOND PARTY shall not start implementation of the activities even after MoA comes into force, until and unless receipts of the first tranche of the Funds. The activities will be implemented in line with the second party rules, regulations and procedure.

15. In case expenditure increases due to some unforeseen circumstances, SECOND PARTY shall submit to the FIRST PARTY a supplementary estimate showing the further financing that will be necessary. The FIRST PARTY shall increase the budget after due examination.

16. Ownership of equipment, supplies and other goods financed from the Fund shall vest in SECOND PARTY during the Project when SECOND PARTY uses and controls such equipment, supplies and other property. Transfer of ownership by SECOND PARTY during the Project/ or at the completion of the project will be at the volition of the FIRST PARTY and in any case, shall be handed over to FIRST PARTY at the completion of the project as per rules and regulations of the second party.

17. The Funds shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules, policies and procedures of the SECOND PARTY. Services will be provided by the SECOND PARTY as per the approved budget and terms and conditions laid down in the Agreement against advance provided by the FIRST PARTY. The audit in this respect (audit of the FIRST PARTY accounts) will happen at Department of Agriculture & Farmers Welfare, Ministry of Agriculture & Farmers Welfare, Government of India as per the standard procedures/rules of the FIRST PARTY. At SECOND PARTY level, the SECOND PARTY will conduct activities utilising its own procedures and processes and this will be subject to UNDP auditing procedures exclusively. At the FIRST PARTY level, in the approved budget, both parties have agreed to the rate for various activities to be undertaken. Every quarter the SECOND PARTY will send a request for payment to the FIRST PARTY as per the payment schedule given in 4.1 which will reflect the expenditure incurred as per the budget and the management fee charged. This will be in line with the rates approved in the MOA and serve as documentation for the government auditors to audit the books of the FIRST PARTY. No external audit by the FIRST PARTY shall take place on the books of the SECOND PARTY.

18. The SECOND PARTY through the Head, Sustainable and Inclusive Growth shall provide to the FIRST PARTY the following reports prepared in accordance with SECOND PARTY accounting and reporting procedures.

    (i) Half yearly activity progress and financial report

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(ii) Annual activity progress and financial report

(iii) A project completion report with a narrative section and a financial statement of expenditure in INR.

19. The SECOND PARTY shall keep appropriate records in respect of the Project expenditure, in accordance with its normal record-keeping practices, Regulations and Rules.

20. **FORCE MAJEURE:** That neither PARTY shall be liable to the other for any delay or failure of its obligation under this MoA caused by the occurrence beyond its control including occurrence of fire, flood, war, insurrection, riots, strikes, sabotage, endemic, pandemic or regulation of the Central Government or any compliances therewith and, such party shall, promptly but not later than fifteen days, notify the other party of the commencement and cessation of such contingency and prove that such cessation is beyond its control and affects the implementation of this MoA adversely and further, if such contingency continues beyond one month, both parties agree to discuss and arrive upon equitable solution for termination of this MoA or otherwise the course of action to be adopted.

21. **NON-EXCLUSIVITY**: Both parties are at liberty to explore and identify new areas of co-operation with each other or with third parties whether jointly or singly so long as such co-operation does not derogate from the provisions of this MoA.

22. **DISCLAIMER:** Each Party shall be solely responsible for its own acts and omission (and the acts and omission of its employees and other agents) and neither party shall have authority nor shall support to act for, or legally bind, the other party in this project with the third party except as agreed in writing by the parties.

23. **AMENDMENT IN THE MOA:** That no amendment(s) to this MoA shall be effective unless it is in writing and signed by duly authorized representative of both parties.

24. **SEVERABILITY:** If any provision or condition of this MoA is prohibited or rendered invalid or unenforceable, such prohibition, invalidity or unenforceability shall not affect the validity or unenforceability of any other provisions and conditions of this MoA.

25. **INTELLECTUAL PROPERTY:** The materials developed by the SECOND PARTY shall be the property of the SECOND PARTY who will be the legal owner of these materials. The FIRST PARTY shall have a free, non-royalty license to use and transfer the referenced intellectual property with appropriate credit to the project and the SECOND PARTY.

26. TERMINATION:

26.1 In case it is found by either of the PARTIES that the desired objectives cannot be achieved due to any reason(s) whatsoever, this MoA may be terminated by either of the PARTIES by giving a written notice of 30 days in advance to the other.

26.2 Notwithstanding the completion of the Project or the termination of all or part of this Agreement, SECOND PARTY will continue to hold unutilized Funds from the Funds until all its commitments and liabilities incurred in the implementation of the Project, as described in the proposal, have been satisfied and Project activities brought to an orderly conclusion.

26.3 Any Funds that remain unutilized after such commitments and liabilities have been satisfied will be refund to the Department of Agriculture & Farmers Welfare, Ministry of Agriculture & Farmers Welfare, Government of India

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27. **NOTICES:** Any notice to be given under this MoA shall be in writing and shall be deemed to have been duly and properly served upon the PARTIES hereto if delivered through email or against acknowledgement or by registered post with acknowledgement due, addressed to the PARTIES herein at the addresses detailed below, or such changed addresses as will be duly notified by the PARTIES, from time to time.

a) Joint Secretary (Credit) & CEO-PMFBY, Department of Agriculture & Farmers Welfare, Ministry of Agriculture & Farmers Welfare, Government of India, Krishi Bhawan, New Delhi, India

b) Resident Representative, UNDP, 55 Lodi Estate, New Delhi- 110003

28. The PARTIES agree that it is important to take all necessary precautions to avoid corrupt practices. To this end, SECOND PARTY shall maintain standards of conduct that govern the performance of its staff, including the prohibition of corrupt practices in connection with the award and administration of contracts, grants or other benefits, as set forth in the Staff Regulations and Rules of the United Nations, the UNDP Financial Regulations and Rules, and the UNDP Procurement Manual.

29. **SETTLEMENT OF DISPUTES:** Any disputes between the PARTIES arising out of or relating to this Agreement shall be settled amicably by the Parties. Nothing under the present MoA shall be deemed to represent a waiver of the immunities and privileges of the SECOND PARTY under the Convention on the Privileges and Immunities of the United Nations.

In WITNESS WHEREOF, the PARTIES **have executed this MoA by their duly authorized representatives as on the date first written above at _____ AM/PM.**

Signed at **New Delhi on**

by the authorized representative for and on behalf of the Department of Agriculture & Farmers Welfare, Govt. of India DocuSigned by: 2043DF33BFD54CA... Name: Shri. Ritesh Chauhan Joint Secretary (Credit) & CEO-PMFBY Ministry of Agriculture & Farmers Welfare, Government of India	by the authorized representative for and on behalf of the United Nations Development Programme DocuSigned by: 802578AFCDD0482... Name: Ms. Shoko Noda Resident Representative UNDP, India
Witness 1 Kamna R Sharma Dy. Commissioner (Credit) DocuSigned by: 68577B448CBE45A...	Witness 1 DocuSigned by: 9BCA951D4F8D4BC... Amit Kumar Head – Sustainable and Inclusive Growth UNDP
Witness 2 Sowmya Srikanth Under Secretary to the GoI DocuSigned by: 648883031255437...	Witness 2 DocuSigned by: 4C58D0562D3A42F... Ajay Karan Singh NPC – Crop Insurance TSU, UNDP

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Annexure I: **Supporting Effective implementation of Agricultural Credit and Insurance Schemes in India**
Project Number:
Implementing Partner: United Nations Development Programme Implementation Modality- DIM
Start Date: 25th February 2023 **End Date:** 31st December 2026 **PAC Meeting date:** 3rd February 2023

Brief Description
More than half of all livelihoods in India are primarily dependent on agriculture but put together, they contribute only 17% to the country's GDP. During the pandemic, the farm sector showed resilience and absorbed excess workers migrating back from urban to rural areas, reinforcing the importance of agriculture as a key sector to provide employment and livelihood opportunities to multitudes. The agriculture sector requires investment for its growth on the one hand while on the other hand, it needs to reduce the risk of loss of income spurred by natural or manmade causes. The Government of India gives high priority to the agricultural sector and plans to make it more efficient, competitive, sustainable, and resilient. 'Doubling Farmers' Income by 2022-23' is the stated policy goal of the government. The other programmes that aim to increase farmers' income, improve resilience, reduce farmers' risks, and increase income include Prime Minister's Irrigation Programme, Prime Minister's Crop Insurance Scheme, National Food Security Mission, National Horticulture Mission, National Mission on Sustainable Agriculture, Interest Subvention Scheme, etc. The availability of crop insurance and credit enables farmers, especially women farmers to weather risk and safeguards them from falling below the poverty line. Crop insurance offers a social safety net beyond income support programmes and subsidies provided to farmers including women-headed farming households In the first five years of implementation, PMFBY has witnessed participation from 27 States/UTs insuring over 27 crore farmer applications with a sum insured of over ₹10 lakh crore (USD 138 billion). The scheme is implemented with the help of 19 empaneled general insurance companies, over 1.7 lakh bank branches, and over 44,000 CSCs across India. With an average application of 3.75 crore farmers annually over the last five years, there is still potential to reach an additional 5 crore farmers for covering them under the PMFBY scheme. Only 14.9% of women farmers have accessed the scheme for the Rabi season of 2021 whereas women farming households constitute 24% of total farming households. Increasing the coverage of the scheme among women farmers will help the scheme reach an additional 10 crore farmers. UNDP has been supporting the Government of India in implementing PMFBY since 2018 by setting up a Technical Support Unit (TSU). The TSU has played a critical role in designing external and internal communication strategies, conducting nationwide media campaigns, integrating land records of states with the National Crop Insurance Portal (NCIP), remittance of farmers' premiums by banks and intermediaries through NCIP, developing subsidy modules, claim module, dashboards, streamlining MIS and reporting for monitoring and evaluation, timely availability of reports to stakeholders etc. Despite significant progress, the PMFBY scheme continues to face various challenges like loss of trust among farmers due to non-payment or delayed settlement of claims, the state government's lack of expertise in crop insurance, and the actuarial science domain for analysis of premium pricing, and the lack of data coherence. Other areas to improve include developing insights on premium pricing, policy design, process optimisation, creating knowledge repositories, e-learning modules, and strengthening collaboration among key stakeholders.

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The project's second phase is designed to strengthen the institutional and operational capacity at all levels of implementation, from the national to the field level, to improve the coverage of crop insurance and agriculture credit to make it more inclusive and beneficial for farmers. The key strategies for improving the coverage and access of farm insurance and credit are:

- **i)** Strengthening systems and processes for improved services for users and stakeholders across the whole system.
- **ii)** Focusing on increasing awareness of the scheme and strengthening collaborations and partnerships creating a demand-pull.
- **iii)** Development of innovative agri-financing and insurance products for farmers.
- **iv)** Stronger partnership and collaboration paradigm.

Implementing these strategies will translate into activities at the systems, stakeholders, and community levels for achieving the goal of universal coverage of insurance and access to credit for the farmers. The project aims to make the agriculture sector sustainable in India through simplified and rationalised support mechanisms of agri-value chain financing and risk mitigation solutions to combat climate and, financial risks thereby enhancing incomes, securing livelihoods, and ensuring a better quality of life — particularly for small, marginal and women farmers. The choice of outputs and proposed activities are underpinned by the theory of change that puts a strong emphasis on enabling efficient financing and insurance services, building strong institutions, partnerships, use of technology, and transparent information systems to improve the quality of risk management options available to the farmers affected by crop losses, development of a wide array of innovative products and inclusion of the small and marginal farmers particularly women farmers who are ignored by traditional insurance and credit programs due to absence of land ownership in their own names.

UNDP will set up a strengthened technical support unit with Head Office in New Delhi manned by experts and specialists across different domains including Insurance, Banking, Actuarial, Data Analysis, Remote Sensing, Agronomy, Finance & Accounting, Human Resources & Administration, Information Technology, Communication, Capacity Building etc. UNVs, individual consultants, and interns will also be recruited as per project needs from time to time. Additionally, UNDP may help the states create and set up State level PMU for enhanced capacities and expertise at the state level itself, by dovetailing Central PMU for the states who will be willing to allocate resources to establish PMUs. UNDP will also leverage expertise and lessons learned through the regional bureaus and other Country Offices to enrich the outcomes of the project.

Contributing Outcome (UNSDCF, CPD, RPD): UNSDCF 4, CPD 2 Indicative Output(s) with gender marker[1]: 2	**Total resources required (USD):**	12,646,252	
	Total resources allocated:		
		UNDP TRAC:	-
		Donor:	
		Government:	USD12,646,252 (100.85 Crore INR@ INR 79.75)

[1] The Gender Marker measures how much a project invests in gender equality and women's empowerment. Select one for each output: GEN3 (Gender equality as a principle objective); GEN2 (Gender equality as a significant objective); GEN1 (Limited contribution to gender equality); GEN0 (No contribution to gender quality)

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		In-Kind:	
	Unfunded:		NIL

Agreed by (signatures):

DA&FW, Government of India	UNDP
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I. DEVELOPMENT CHALLENGE (1/4 PAGE – 2 PAGES RECOMMENDED)

Agriculture contributed 17.8%[2] of the country's gross value added for the years 2019-2020 at current prices. A massive 54.6% of the total workforce is engaged in agricultural and allied sector activities (Census 2011) and 57% of the rural households are directly dependent on agriculture for their livelihoods. However, the agricultural sector is facing various challenges like small landholding, declining productivity, rising input costs, declining farm income, the adverse impact of climate change, and a decline in the percentage share of workers engaged in the agriculture sector.

As per the Agriculture Census 2015-16, the total number of operational holdings in the country was 146 million and the total operated area was 157.14 million hectares in 2015-16. The small and marginal holdings taken together (0.00-2.00 ha) constituted 86.21 percent while their share in the operated area stood at 47.34 percent 2015-16. The average size of land holding in 2015-16 was 1.08 hectares. More than 68% of the farmers are marginal farmers with landholding of less than one hectare whereas an additional 17% are small farmers with landholding between 1.0-2.0 Ha[3]. Within the marginal smallholders, the average landholding is 0.38 Ha and among small farmers, the average landholding is 1.4 Ha. With small land holdings, the dependency of the household income on agriculture is decreasing and dependency on other sources of income is increasing.

Food grain production in the country accrues from approximately 139.50 million hectares of net area sown. Of this, 67.30 million hectares (46%) are net irrigated and the remaining area of about 72.20 million hectares is under rainfed conditions (as per Land Use Statistics at a glance 2006-07 to 2015-16). Rainfed agriculture is complex, diverse, and risk-prone characterised by low levels of productivity and low input usage. Rainfed areas if managed properly have the potential to contribute a larger share to the overall production of food grains in the country. With average productivity in the range of 2,500 kg to 3,000 kg per hectare for most grain crops and even lower productivity for pulses and oilseeds, India needs to provide affordable credit and insurance facilities to its millions of smallholders to invest in improving the yield as well as cover the risk of agriculture failures due to weather or other unforeseen events through universal crop insurance.

The Government of India gives high priority to the agricultural sector and plans to make it more efficient, competitive, sustainable, and resilient. 'Doubling Farmers' Income by 2022-23' is the stated policy goal of the government. The other programmes that aim to increase farmers' income, improve resilience, reduce farmers' risks, and increase income include Prime Minister's Irrigation Programme, Prime Minister's Crop Insurance Scheme, National Food Security Mission, National Horticulture Mission, National Mission on Sustainable Agriculture, Interest Subvention Scheme, etc.

In the above context, the revised crop insurance scheme i.e., Pradhan Mantri Fasal Bima Yojana (PMFBY) was launched in 2016 with an aim to ensure maximum benefits for the farmers by providing financial risk protection against natural calamities and catastrophic events including pests, climate uncertainties, and environmental shocks. Apart from providing comprehensive risk coverage for the entire crop cycle, from pre-sowing to post-harvest activities covering all sorts of foodgrains, oilseeds, and commercial/horticulture crops, PMFBY also enables direct claim transfer into farmers' accounts through e-remittance. Additionally, to address agrarian distress, Kisan Credit Card/ Modified Interest Subvention Scheme (MISS) was introduced by the Government of India to provide cheap and hassle-

[2] Annual Report 2020-2021, Department of Agriculture, Government of India
[3] Agriculture Census 2015-2016

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free credit for millions of farmers and to ensure continued investment into agriculture to bring in mechanisation, modernise agriculture practices and eventually enhance productivity. It has facilitated the farmers not only to meet their short-term agricultural needs but also ensured an institutionalised credit process for farmers to minimise their dependence on loan sharks.

The Pradhan Mantri Fasal Bima Yojana (PMFBY) and KCC/MISS have become important tools to strengthen the resilience of Indian farmers. In the last six years, many significant milestones have been achieved under PMFBY and KCC/MISS implementation. The number of farmers getting enrolled under PMFBY has shown an increase from 58.4 million (5.8 crore) farmer applications in 2016-17 to ₹77.8 million (₹7.8 crore) farmer applications in 2021-22. Around ₹374.6 million (₹37.4 crore) farmer applications were insured and claims of ₹11,109 million (₹116.4 crore) have been disbursed to 103.5 million (10 crores) eligible farmer applications. The claim ratio has also seen a constant increase and it stands at 88.3% from Kharif 2016 to Rabi 2019-20.

Since the introduction of MISS, there has been a significant increase in the ground-level credit, comprising crop loans and term loans disbursed by the banking sector comprising Scheduled Commercial Banks, Regional Rural Banks, and Cooperative Banks with an impressive increase in the total number of agricultural loan accounts. With the advent of the National Crop Insurance Portal (NCIP) – a web-based, integrated digital platform – a single view of data by unifying fragmented databases could be achieved. A stratified Grievance Redressal Mechanism at the state and district level was created to address the grievances of the farmers and other stakeholders at grass root level itself. Extensive grass root level efforts were undertaken centrally and regionally to sensitize and train all stakeholders and in addition, exhaustive information, education, and communication efforts are being made to make farmers and other stakeholders aware of the benefits of the scheme, the importance of getting crops insured and to reinforce the idea of financial risk protection.

Despite the significant achievement and progress in the last 6 -7 years, effective implementation of agri-financing and risk mechanisms continue to face the following key challenges:

- **Lack of Access to Institutional Credit and Indebtedness Among Farmers especially Women Farmers**

Despite the impressive growth in the formal agricultural credit, there are issues of credit outreach, regional disparity, and loan waivers. Further, in the absence of a proper legal framework and lack of records relating to their agricultural activity, tenant farmers/ sharecroppers/ oral lessees/ landless labourers face difficulty in accessing institutional credit. As per PSA annual return (2015-16), only 41 percent of small and marginal farmers could be covered by public and private sector banks. Besides these problems and challenges of accessibility in credit, the share of credit to allied activities, i.e., livestock, forestry, and fisheries was sub-optimal compared to its contribution to agricultural output. Some of the states are getting a much higher share, as high as 10 percent of total agricultural credit compared to other states getting as low as 0.5 percent. Also, in some states, viz., Bihar, Chhattisgarh, Jharkhand, West Bengal, etc., bank credit was not proportionate to their share in agricultural output.
Women constitute over 42% of agricultural labour force of India (NCAER 2018) but own only 2% of agricultural land. The United Nation's Food and Agriculture Organisation (FAO) estimates that equal access to credit and farm resources for women and men would increase agricultural production by up to 30 %. There is a need to find ways to recognise women farmers independent of their land ownerships.

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Loan waivers announced by state governments have affected the credit culture in the country with many borrowers withholding repayment, in anticipation of a loan waiver. This adversely affected the credit history of borrowers and their prospects of availing of fresh loans for agricultural purposes. This has led to further deterioration of credit culture as evident from the high level of Gross NPA of 8.44 percent as of March 31, 2019, in the agriculture sector. The agriculture loan disbursement forms approximately 30% of the agricultural GDP and outstanding loans are 50% of the total agricultural GDP in 2018. With 30% of farmers still accessing non-institutional sources of credit, there is a need to expand credit outreach to them as they in all likelihood are the poorest among farmers.

The NSS 77th round survey found that 50.2% of the agricultural households are indebted and the average amount of loan outstanding per agriculture household is ₹74,121.

- **Non-payment or Delayed Payment of Claims and Trust Deficit**

Since PMFBY is a multi-stakeholder scheme, there are certain challenges the scheme has faced in effective implementation. One of the key problem areas continues to be the delay in the release of state premium subsidies and claim settlements leading to a trust deficit among farmers. The states need to be motivated for better financial discipline and budget management so that they can pay their share of the premium to insurance companies on time.

Due to the limited technological capacity of states, data capture and upload to the web portal has been a major challenge. Lack of technological know-how has also led to low capture of crop-cutting experiments being conducted by the states on the mobile app — a crucial aspect for faster claim calculation. There is a high dependence on District and State Govt. for the data which is often delayed by months. This leads to further delays in claim settlement which manifests as trust issues among farmers. The insurance companies face challenges in selecting the best technology for tech-based yield estimation as it was only available for a few major crops like paddy, wheat, etc. The crop-cutting experiments are being done by insurance companies without informing the state authorities, leading to inadequate claims being paid to farmers. There is no mechanism to assess the capacity of insurers, insurance agents, and other stakeholders to identify and advise on the introduction of suitable crop insurance products. State Government's onboarding for use of technology like SST and less use of CCE Agri app also posed as an issue. Approval of DGCA for drone flight in the selected districts has also proved to be a challenge.

- **Premium Pricing & Awareness About Schemes**

Another challenge is the lack of expertise of State Government in Crop Insurance and Actuarial Science domain for analysis of premium pricing. There is no expertise in risk classification of districts into clusters and analysis of underlying loss costs in relation to the commercial premium rates being charged by the insurance companies. Also, due to multiple layers of hierarchy within each stakeholder and their different levels of understanding about scheme implementation aspects, challenges exist pertaining to a lack of understanding of roles and responsibilities and non-compliance to guidelines/scheme provisions. Hence, there is a need to sensitise all stakeholders including women farmers about the features and benefits of the schemes and their roles and responsibilities in the implementation of the schemes. Also, the non-availability of communication material in regional languages and local dialects for all stakeholders is a major challenge.

- **Lack of Data Systems and Coherence Across Datasets**

The fourth major challenge is related to the lack of data coherence — synergy between databases and appropriate API to manage the huge amount of data generated under the schemes and analyse it from

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various viewpoints such as premium pricing, policy design, operational optimisation, reporting, etc. There is no centralised robust digital platform for the claim calculation and claim disbursement directly to the account of farmers. There is no centralised interactive grievance redressal platform available for the farmer to raise queries or seek information regarding the schemes or scheme-related activities as well as to develop an effective grievance redressal mechanism with a defined turnaround time. There is a lack of close monitoring of targeted training and awareness campaigns conducted under the schemes at grass roots level. There is a need to collect gender-disaggregated data for all aspects of reporting in the scheme. The scheme needs to create a monitoring and reporting mechanism for impact assessment which should assess the impact on women farmers by this scheme.

- **Low Investment in Research and Product Development**

There is a need to undertake investments in research and development, creating knowledge repository including gender dimensions in insurance & credit, and e-learning modules, partnerships for building capacities across the system among stakeholders. With no set mechanism to review current business practices and procedures inside and outside India to identify key risk factors and alignment to the insurance market and a lack of common pool of resources sharing knowledge on crop insurance, coverage of the schemes remains sub-optimal. There is also a need to liaise with international crop insurance programmes and experts to draw on international best practices and to create effective partnerships with different stakeholders and develop models of distribution that reduce transaction costs and make the investments in schemes sustainable.

- **Climate Change Impacts**

Extreme climate events are occurring at higher frequency in India and impacting agriculture at a large scale reducing the agricultural income of farmers by 15-18%. According to data shared by GOI in Lok Sabha, India has suffered a huge crop loss on 18.176 million hectares (mha) of land, roughly 8.5 percent of the total gross cropped area due to floods from 2017-2019[4]. This impact is much more severe on non-irrigated lands. The intensity of extreme floods has increased in the country, affecting newer areas that were not flood-prone earlier. The flood-prone states of Assam, Bihar and Uttar Pradesh have seen extreme floods. They were also witnessed in Kerala, Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Odisha, Maharashtra, Chhattisgarh, Madhya Pradesh and Rajasthan due to excess rainfall in these states in a short span of time. These extreme weather events are being increasingly linked with increasing global temperatures and are expected to increase in frequency of occurrence in India.

- **Lack of Financial and Digital Literacy, Limited Awareness, and Stakeholder Participation**

Lack of financial and digital literacy and limited awareness about the schemes amongst small and marginal farmers especially among women farmers and sub-optimum level of training and knowledge amongst other stakeholders, variable sources of information, and missing convergence and standardised information system adversely affects the implementation. It is observed that few states and insurance companies have taken the decision of opting out of the scheme on account of the high subsidy burden and low perceived benefits of PMFBY. Capping of central subsidy in revamped PMFBY has further increased the subsidy burden of some states. Delay in subsidy release by states resulting in delay in claim settlement, unfavorable reinsurance terms and negative publicity of the insurance companies has led to exit of these companies from the scheme.

[4] https://www.downtoearth.org.in/news/climate-change/india-lost-crops-on-18-million-hectares-to-extreme-floods-from-2017-2019-govt-75506

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UNDP has been supporting the Department of Agriculture and Farmers Welfare (DOAFW) through the Technical Support Unit (TSU) for improved design and effective implementation of the PMFBY scheme. During the last three years, the TSU team has been instrumental in piloting technologies for Smart Sampling Technique (SST), Optimisation of CCEs, Gram Panchayat level Crop Yield Estimation Approach, GP level Crop Yield Estimation for Non-Cereal Crops. The challenges lie in scaling up these technologies and approaches with the states. The project formulated broad internal and external communication strategies and defined the revised operational guidelines. The implementation of the same has resulted in extensive awareness generation about PMFBY and enhanced the media outreach. TSU has also streamlined the mechanism to dispose of the pending PGs for disposal / channelising PGs to the competent authorities at States / ICs for immediate redressal and disposal. To sustain this grievance redressal mechanism, in the long run, the team has developed proper stipulations and clauses in the Operational Guidelines of PMFBY and has integrated in the Revised OGs of PMFBY.

With respect to capacity building, the team of NTSU-PMFBY has trained various stakeholders including State Govt officials, bankers, staff of insurance companies, CSC- VLEs, and Kisan call Centre as well as farmers. Around one crore farmers were sensitized across one lakh locations in 20 PMFBY implementing states from 25th April to 1st May 2022 under Kisan Bhagidari Pratmikta Hamari campaign. A pool of master trainers has been developed for Insurance Companies (870), and for using CCE Agri App (5,200) to take up training at the state, district, block, and village level.

Through the effort of technical support unit, enrollment MIS is available through NCIP from 2018 onwards to all stakeholders. State and central share of subsidy requisition now moved to NCIP, all subsidies are routed and validated through the portal itself. Central share subsidy release is linked to PFMS system for maintaining the record of transactions and reconciliation. Financial management and subsidy share working is partially automated through a utility. The team has developed approx. 10,300 Points of Reference for information dissemination, guidance, and handholding support at the ground level. The team has been able to provide strong actuarial expertise towards the implementation of PMFBY scheme by designing the premium pricing support to implementing states in form of evaluation of tenders and cluster formation based on risk profile of the districts.

With more than 15 crore operational holdings and 10 crores plus agricultural households, agriculture will continue to be the major source of livelihood and income generation activities in the coming decades. Due to this the sector's importance in India's economic and social fabric, it goes well beyond its contribution to GDP indicator. Majority of India's poor (some 770 million people or about 70 percent) are found in rural areas. India's food security depends on producing cereal crops and increasing its production of fruits, vegetables, and milk to meet the demands of a growing population with rising incomes. To do so, a productive, competitive, diversified, gender-inclusive, and sustainable agricultural sector will need to emerge at an accelerated pace. Access to insurance and institutional credit to small & marginal farmers especially women farmers will play a great role in the growth of the agriculture sector and making farmers prosperous.

As explained above, PMFBY and KCC/MISS continue to face certain design and implementation challenges specifically the problems of asymmetry of information, the inclusion of women farmers, slow pace of technology adoption for efficient service delivery, paucity of customizable solutions and services as per variable agro-climatic zones and varied agriculture patterns and practices, non-integration of variable information systems, unavailability of a single source of true & standardized information system, lack of coordination with various international and multi-lateral agencies and institutions to

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enable the transfer of knowledge and adoption of best practices across risk protection and agriculture financing.

Sustainable Development Goal #2 specifically calls to "end hunger, achieve food security and improved nutrition, and promote sustainable agriculture." Therefore, there is a strong need to build on past progress and deepen efforts to improve transparency and accountability and enhance the awareness and knowledge level of farmers, and other stakeholders, regarding agri-value chain financing and risk mitigation programmes. This would result in informed decision-making and a lower margin of error during enrolment, data reconciliation, loan disbursement, interest subvention demand, claim calculation, etc, all of which would equip us to fulfil our SDG mandate. Given the advancement of mobile technology, its potential could be harnessed in addressing major challenges.

II. STRATEGY (1/2 PAGE - 3 PAGES RECOMMENDED)

While significant progress has been made with the implementation of mega national schemes like Pradhan Mantri Fasal Bima Yojana (PMFBY), Kisan Credit Card (KCC) and Modified Interest Subvention Scheme (MISS), it is critical to strengthen the institutional and operational capacity at all levels of implementation of these schemes from national to field level for improving the coverage of crop insurance and agriculture credit to make it more inclusive and beneficial for small and marginal farmers and women farmers. The sixth goal of the National Policy for Farmers (2007) aims to "provide for suitable risk management measures for adequate and timely compensation to farmers" while the third goal mentions the provision of credit at affordable prices and adequate volume for farmers as one of the key goals.

The challenges and parameters mentioned in the above section point to multiple vulnerabilities that these schemes face. Various issues have been identified to achieve scheme objectives across major focus areas like development of need-based products, enhanced use of technology, strengthening overall coverage of beneficiaries, partnerships, and collaborations, strengthening financial management, research, and development, revamped IT systems, improved systems for land and crop identification, etc. In addition, continuous efforts need to be made to provide more access to small and marginal farmers, women farmers for land use, agricultural and livestock extension services. The insurers and their networks, banks, etc. need to be sensitised to give priority to women in accessing crop insurance and short-term agriculture loans from banks and other financial institutions. Special measures need to be taken to enhance women's financial literacy and access to credit. Participation of women in capacity-building programmes organised for the state departments and private sector network (outlined in the multi-year work plan) will be maximised.

The key strategies for improving the coverage and access of farm insurance and credit are:

- Strengthening systems and processes for improved services for users and stakeholders across the whole system.
- Focusing on increasing awareness of the scheme and strengthening collaborations and partnerships creating a demand-pull.
- Development of innovative data-driven approaches for agri-financing and insurance products for farmers
- Stronger partnership and collaboration paradigm.

Implementing these strategies will translate into activities at systems, stakeholders, and community levels **for achieving the goal of universal coverage of insurance and access to credit for the farmers**.

- **System and Process Strengthening**

For the efficient and transparent implementation of agri-value chain financing and risk mitigation solutions with a focus on improved service delivery, the focus will be on **strengthening the technical backbone by facilitating the**

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development of a tech-enabled system for yield estimation of crops for claim settlement, auto-calculation of risk classification, risk analysis, subsidy calculation & management (State and Central), interest subvention, invoice management, and fund disbursement. The project will integrate new technology such as Artificial Intelligence (AI), Machine Learning, Satellite-Based Imagery, Remote Sensing Technology, UAV, etc to develop technical solutions and platforms for land and crop identification, tagging, direct yield estimation, loss assessment, risk understanding, optimum price discovery, enrolment/application of farmers, credit risk management etc. to enhance technology uptake for improved service delivery and risk mitigation. The system will focus on collecting gender-disaggregated data.

The total Government subsidy including the Government of India (GOI) & States has been over ₹1.17 lakh crore in the five years of PMFBY. The GoI budget for PMFBY for the year 2021-22 is ₹16,000 crores. Hence the role of financial management is critical to bringing more financial discipline in the scheme. The project will build **capacity and processes for financial discipline, budgetary management framework, and risk mitigation solutions**. The project will strengthen the financial management, performance audit, compliance monitoring for agri-financing, and risk mitigation solutions at the national, state level and district level to enable increased farmer coverage and enhanced participation of the States / UT and other enablers.

Holistic **institutional financing and credit supply would be developed** at various stages of agri-value chain including production, aggregating, grading/sorting, warehousing and value additions through processing and retailing. To streamline flow of government funds (subsidies/subventions) across PMFBY and MISS, improved financial management mechanism would include a single window for subsidy payment, in which the States and Centre would deposit upfront admissible subsidies. This would ensure advance budgeting mechanism and prompt payment of premium by states as well as a speedy claim settlement by insurance companies.

For improving credit access and insurance processes for efficient, transparent, and timely processes of claim calculation, and risk classification to reduce the backlogs, the focus would be on supporting the **design, and upgradation of the National Crop Insurance Portal (NCIP) into an integrated, dynamic, and interactive IT platform**. It is expected that revamped and developed dynamic IT systems, portals & platforms will ensure auto administration of the complete lifecycle and transparent, timely approval and disbursement of agriculture loans and insurance claims as well as grievance redressal. Focus would be on effectively addressing the grievances of all stakeholders and engaging with them to streamline the implementation of the scheme with a dedicated centralized call center envisaged for the Grievance Redressal Mechanism (GRM). The project will also attempt to synergize the current GRM with IRDAI guidelines for better enforceability and accountability by insurance companies.

Apart from the above, various initiatives such as encouraging for use of digital services including credit profiling of farmers, including women farmers as a new eligible category without land ownership, distance application facility, faceless appraisal, and online sanctioning of KCC loan, integration with other financial institutions, agri-tech, and fintech startups and harnessing the exhaustive PM Kisan database to enhance the coverage of KCC to enable input for agriculture and allied activities of dairying, animal and, fisheries would also be undertaken.

- **Enhanced Awareness, Improved Capacity, and Knowledge Creation**

The project will focus on capacity building and enhancement of key institutional stakeholders such as state government officials, insurance companies, banks, primary agriculture cooperatives, women FPO and agriculture cooperatives, rural banks etc. This will strengthen the institutional capacity of key stakeholders to effectively deliver the intended benefits of agri-financing risk mitigation schemes to small and marginal farmers

The project will focus on **strengthening the IEC framework and process of enhanced information access** / sharing with farmers through various platforms through the district, state, and national administrations as well as stakeholders like banks, insurance companies, cooperatives, and civil society organisations. The project will focus on developing customised training videos, knowledge repositories, training material, and regional farmer testimonials with gender inclusive lens. It will also design distribution plans to reach the masses. This will help farmers make informed

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decisions and reduce error during enrolment, data reconciliation, loan disbursement, interest subvention demand, claim calculation, etc. The project will strengthen the coordination and collaboration between the apex training institutions, banks, insurance companies, cooperatives, regional rural banks etc. which will lead to better delivery of schemes.

Customised training curriculums would be developed, and **targeted capacity-building activities** would be carried out along with seasonality-based annual activity for **strengthening the institutional capacity** of key stakeholders to effectively deliver the intended benefits of agri-financing and risk mitigation schemes to farmers — specifically small and marginal and women. Targeted IEC activities and farmer sensitisation programmes at grass root level would result in bringing behavioural changes among the stakeholders including women farmers resulting in increased voluntary enrolment of farmers. The project will also provide **support to strengthen the state systems including state-level PMU, and other stakeholders** linking with National Crop Insurance Portal and supporting them in form of tender evaluation, premium pricing, risk assessment of districts, and cluster formulation.

Design, Development, and Pilot Testing of Innovative Agri Financing and Insurance Products A wide spectrum of innovative, need-based agri-financing and risk mitigation customised products and services would be designed to meet the need of small and marginal farmers. By analysing the past data on credit and its utilisation using big data analytics and understanding ground-level insights, banks will be supported to develop new products for better credit availability to the farmers. Sandbox Framework will be developed for piloting new products and adopting good practices and rolling out Innovative products and services on large scale. The project will also develop indices using weather data and remote sensing technology-derived data based on crop and geographic adaptations for the stakeholders and will provide actuarial and credit analysis support for crop insurance and Agri credit to develop multiple institutional channels for credit and insurance solutions. Enablers like fintech or agri-tech companies will be supported in the evaluation of credit worthiness, analysis of risk profiles, requirements, and suitability for designing products and services accordingly. UNDP's strength in delivering such data-driven innovations, R&D using remote sensing technologies, big data and machine learning through DiCRA platform (https://dicra.undp.org.in/) would also be leveraged. DiCRA has become world's first digital public good in climate resilient agriculture. DiCRA stands for Data in Climate Resilient Agriculture. It is a collaborative digital public good that provides open access to key geospatial datasets pertinent to climate resilient agriculture. These datasets are curated and validated through collaborative efforts of hundreds of data scientists and citizen scientists across the world. The pattern detection and data insights emerging from DiCRA are aimed toward strengthening evidence-driven policymaking for climate-resilient food systems.

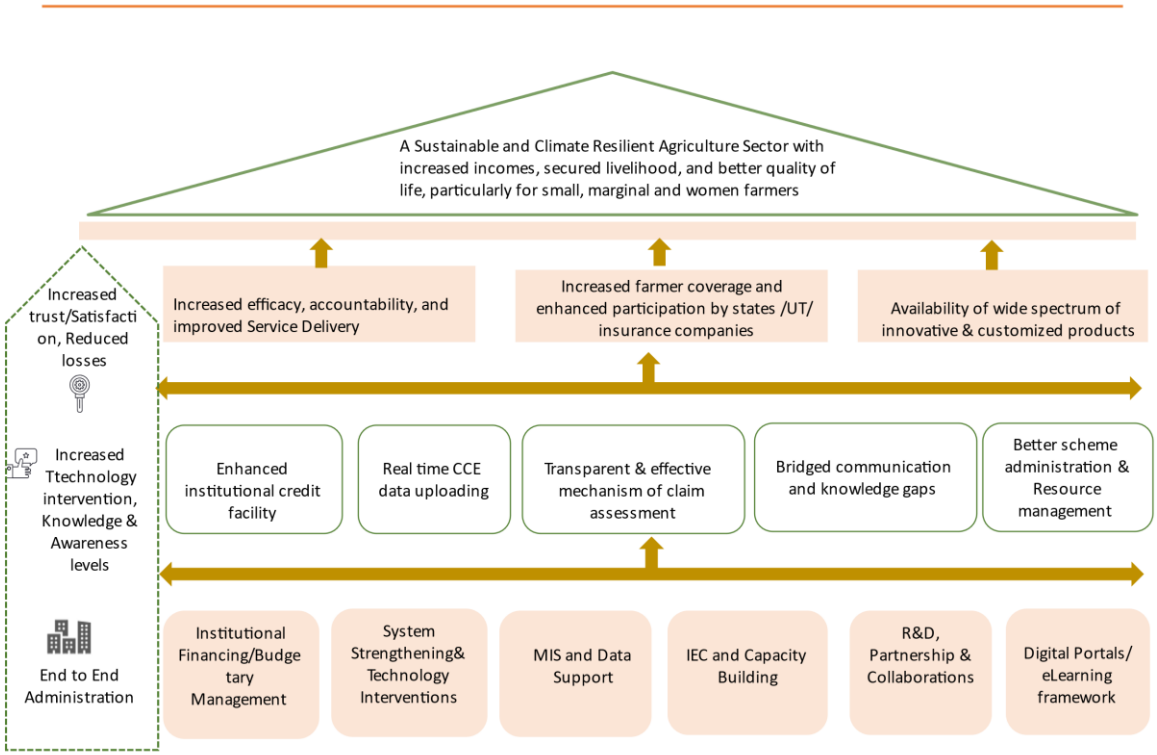
- **Stronger Partnerships and Collaborations Paradigm**

There would be focus on collaborating with international crop insurance and agri-financing programmes and experts to draw on best practices for strengthening the scheme. One of the key components will be review of current business practices and procedures inside and outside India related to crop insurance and credit schemes for farmers and adapting these good practices to the Indian context. The project will publish **research papers on best practices** under agri-financing and crop insurance adopted by implementing states. There would also be a significant focus on facilitating cooperation with international development-sector agencies, think tanks, and bilateral cooperation to exchange best practices and new-age initiatives in the field of agriculture credit, risk transfer, and financing solutions. Efforts to rope in other counterparts, government, community leaders, opinion leaders, and local support groups and to facilitate domestic and international knowledge exchanges for central, state, and local level functionaries, service providers, and technical support staff would also be undertaken.

The Theory of Change showcasing the clear results and impact to be achieved through the interventions is shown in the figure below.

The project aims to make the agriculture sector sustainable in India through simplified and rationalised support mechanisms of agri-value chain financing and risk mitigation solutions to combat climate and financial risks thereby enhancing incomes, securing livelihoods, and ensuring a better quality of life — particularly for small, marginal and women farmers.

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III. RESULTS AND PARTNERSHIPS

(a) Expected Results

Sustainable agriculture is at the heart of the 2030 Agenda and the first fundamental step to securing zero hunger. The farm sector impacts almost all 17 Sustainable Development Goals with its diverse impact on the economy, environment, and gender. Any action to grow the farm sector will impact Goal 1 End Poverty, Goal 2 End Hunger, Goal 5 Gender Equality, Goal 8 Decent Work and Economic Growth, Goal 10 Reduce Inequality, Goal 12 Sustainable Consumption and Production, and Goal 15 Life on Land.

The project's overall aim is "A Sustainable and Climate Resilient Agriculture Sector with increased incomes, secured livelihood and better quality of life, particularly for small, marginal and women farmers".

The choice of outputs and proposed activities are underpinned by the theory of change that puts a strong emphasis on enabling efficient financing and insurance services, building strong institutions, partnerships, and use of technology and transparent information systems to improve the quality of risk management options available to the farmers affected by crop losses, development of a wide array of innovative products and inclusion of the small and marginal & women farmers who are ignored by traditional insurance and credit programs.

The project responds to UNSDCF Outcome 4, i.e. By 2027, people will benefit from and contribute to sustainable and inclusive growth through higher productivity, competitiveness, and diversification in economic activities that create decent livelihoods and income, particularly for youth and women.

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Key results expected at the end of 2027 through the project are as follows:

Outcome A – Efficient and transparent implementation of agri-value chain financing and risk mitigation solutions with a focus on improved service delivery

Technological Interventions

The project will pilot and promote new and innovative technology solutions for yield estimation of crops for claim settlement, auto-calculation of risk classification, risk analysis, risk modeling, subsidy calculation and management (State and Central), interest subvention, invoice management, and fund disbursement. This would be achieved through the development of improved systems and processes through the integration of modern technology such as AI, ML, Satellite-Based Imagery, Remote Sensing Technology, UAV, etc. in data collection and analysis activity. This would also help in land and crop identification and tagging, loss assessment, risk understanding, and optimum price discovery. The project will build on the risk expertise available with the insurance companies and strengthen collaboration with them. The project can explore collaboration with Global Risk Modelling Alliance through the Integrated Risk Financing Facility of UNDP, it would enable the project to tap the expertise of the alliance for agriculture risk modeling.

Strengthening Financial Management and Grievance Redressal Systems

To streamline the flow of funds across agri-financing and risk mitigation solutions and for enhanced user experience, the project would focus on strengthening financial management, performance audit, compliance monitoring, and grievance redressal system. Importantly, the project would develop frameworks for institutional mechanisms and a feedback loop for better implementation, financial discipline, budgetary management, impact assessment, and stakeholders' performance monitoring and evaluation. For grievance redressal, an integrated helpdesk of PMFBY, KCC & MISS will be set up which will reduce the backlog of grievances related to these schemes and improve user experience. For better management of the grievances and to consolidate and streamline all grievances at single point, the project aims to support GoI for integrating all public grievances related to crop insurance into National Crop Insurance Portal (NCIP).

Supporting the development of integrated IT System

The project will strengthen portals for crop insurance, agricultural credit, and interest subvention, and various other digital platforms including integration of digitized land records of states and fintech-based lending platforms, and data-driven advanced tools that strengthen systems and connect all stakeholders across the value chain under agriculture financing and insurance. For the integration of state's crop insurance portal (if any) and digitized land records of states with NCIP, development and integration of digital portal for agri financing, and for overall strengthening of National Crop Insurance Portal, the project will invest in designing and development of dynamic revamped IT system and portal. This will bolster the project's ability of auto administration of the complete lifecycle and transparent, timely approval and disbursement of agriculture loans and insurance claims. Strengthening and up-gradation of IT systems would help in monitoring the implementation of the scheme at a micro level and would help in maintaining proper beneficiary data and would lead to end-to-end auto administration of PMFBY covering over 5.5 crore farmers annually, 1.5 lakh bank branches, 44,000 CSCs, 19 empanelled ICs and all implementing States/UTs.

Access to Institutional Credit

The programme will aim to enhance institutional flow of credit to farmers across all communities and will focus on increasing the number of farmer as well as retention of existing farmers under KCC. Holistic institutional financing and credit supply at various stages of agri-value chain including production, aggregating, grading/sorting, warehousing and value additions through processing and retailing will be facilitated by enabling institutional financing through multiple channels and modes.

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Enabling efficient financing through enhancing capabilities and participation of the States / UT and other enablers under agri financing for universal access of the schemes will be a key focus area. Overall coverage of farmers will be strengthened by increasing the number of enrolment/application channels, creation of simplified process, increased use of technology and mobile application under agri-financing and crop insurance for all farmers including small, marginal and women farmers. Enhanced volume of Agri-value chain financing for continued investment by farmer in agriculture & allied activities and Increased volume of insured area across the country including aspirational and tribal districts would be achieved through strengthening process of enhanced information access / sharing with farmers regarding the scheme procedures and benefits through various platforms.

MIS and Data Support

The project will aim for complete automation of MIS and all reports necessary for strategic and monitoring purposes from NCIP. These reports may range from periodic progress in enrolments and claim settlement, claim calculation, yield estimation data through CCEs, weather data integration for claim calculation, agro-advisory, validation of localised and widespread calamities and dispute resolution of stakeholders about calamities, and yield data enumeration. System-driven metrices to be developed for monitoring and evaluation of each stakeholder as well as the scheme based on the data available on NCIP. The project will have an iterative process of monitoring and evaluation mechanism of the Crop Insurance Scheme administered DA&FW, the Ministry of Agriculture and Farmers' Welfare (MoA&FW), Government of India (GoI). It will also review current business practices and procedures in India and abroad to identify key risk factors and alignment to the insurance market by driving data from National Crop Insurance Portal.

Results:

i. Dynamic and interactive NCIP as a one-stop source integrating all banks and other institutions for KCC-MISS, including claim calculation, settlement, risk assessment, technical pricing, and auto-generation of MIS reports.
ii. Launch of centralised helpline for information and integrated platform for grievance redressal with turnaround time (TAT) within 7 Days for at least 90% of grievances.
iii. 5 new enrolment channels for PMFBY & agri-financing
iv. Integrate land records with NCIP for 12 states.
v. Smart Sampling Technique based CCEs and Technology assisted crop loss assessment and yield estimation in at-least 12 states/UTs
vi. Annual multi-stakeholder meetings for knowledge and experience sharing.
vii. Organise four international knowledge exchange consultations/workshops/conferences.

Outcome B- Improved awareness, capacity, and enhanced convergence between key stakeholders lead to enhanced adoption by states and increased access to farmers

IEC and Capacity Building

Credit and insurance literacy and awareness will be developed among rural clients about crop insurance and agri-credit schemes. An important subset of this component is educating farmers about climatic risks and agriculture risk management to help them cope with other types of production risks. Significant efforts will also be made to encourage the collectivization of farmers, especially small and marginal farmers & women through FPO or similar means to overcome the limitations of small-scale operation levels and to improve credit access.

The project will strengthen the framework for IEC and capacity-building activities. It will develop a seasonal annual activity calendar and LMS catering to different stakeholder needs. Support will be provided to develop customised training videos, knowledge repository, to design training material, region/language-wise farmer testimonials, and success stories resulting in a well-informed and aware digital community. Select community members will be trained as resource persons (PM Kisan Mitra) to provide information related to agriculture finance and crop insurance to farmers.

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Implementation Support

Strengthened support for collaboration with apex institutes for training and creation of specialised courses while engaging with the governance team of all social media platforms will be undertaken to explore options for enhancing the overall reach of the scheme with farmers. Significant efforts will be made for improved and streamlined coordination and scheme management between implementing organizations and supporting stakeholders.

The project would specifically focus on extending technical support to States and other Stakeholders (linking with National Crop Insurance Portal) in form of tender evaluation, premium pricing, risk assessment of districts, and cluster formulation. The project will also handhold the State Governments for setting up State PMUs and State Remote Sensing Centers for use of technology under PMFBY. This will include activities such as full use of technology-based yield estimation in Kharif paddy, Rabi Paddy, and Wheat crops, large-scale pilots for GP level yield estimation in non-cereal crops during Kharif 2022, and rabi 2022-23. Implementation of smart sampling techniques (SST) in major crops and maximum use of CCE Agri app for uploading of CCE yield data will be ensured. Annual impact assessment studies to measure the effect of Awareness, communication and Capacity Building interventions would be taken to keep the activities geared towards the need of the target group.

This will lead to an enhanced volume of agri-value chain financing for continued investment by the farmer in agriculture and allied activities and increased volume of insured areas across the country including aspirational and tribal districts.

Results:

i. Reach out to 50 Million (Five Crore) farmers through advocacy, mass communication, and behavior change communication campaign related to crop insurance.
ii. Learning Management System with customised courses for different stakeholders.
iii. 40,000 persons trained to act as resource persons (PM Kisan Mitra) to farmers for agriculture finance and crop insurance domain.
iv. Collaboration established with 8 national-international institutions on knowledge transfer and training
v. 10 training videos, booklets on farmers' testimonials (success stories), posters, pamphlets, news, print media articles, and translations of the same in all major languages.
vi. Manuals on PMFBY & Agri-Finance for farmers and other stakeholders

Outcome C- Wide spectrum of innovative and customized products and services based on alternate risk-sharing mechanisms coupled with international best practices are available for need-based Agri financing and climatic/catastrophic risks.

New Product Development/Pilot innovative agri-insurance and risk financing products

The project will develop a process of identifying, developing, and rolling out need-based innovative products on large scale for the stakeholders under agri-financing and crop insurance programmes. Development of the Sandbox Framework will be undertaken for piloting and adopting good practices under the schemes resulting in the creation of effective and sustainable agri-financing and risk mitigation products. There will be a significant focus on development of indices using weather data, other technology-driven weather data, and data based on crop and geographic adaptations. Apart from this, supporting enablers in the evaluation of credit worthiness, analysing risk profiles, requirements, and suitability for designing of products and services accordingly will also be undertaken. The project will strengthen collaboration with new generation insure-tech start-ups and align itself with the approach of IRFF on capacity building for insurers to help improve product development and delivery in the country. In addition, the IRFF-supported work with CO will also aim for the development of new or enhancement of existing inclusive insurance products.

Research and Knowledge Sharing

The project will work towards forging partnerships with institutions and agencies (national and international) for evidence-based research (including pilot studies and behavioural research studies using Human Centric Design

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approaches), adoption of good practices, etc., and for training/supporting key institutional stakeholders such as State Government officials, insurance companies' representatives, banks, etc. The project will enable a review of current business practices and procedures and will support in the publishing of research papers on best practices under agri-financing and crop insurance adopted by implementing states. Significant efforts will be made towards collaborating with international crop insurance and agri-financing project and experts to draw on best practices and the creation of a knowledge repository for strengthening the scheme.

Results:

i. Ten pilot studies/behavioural research studies for the adoption of need-based products
ii. Adoption/development of four innovative credit and insurance products
iii. Roll out four good practices/ technology/ pilot products through the sandbox approach with banks and insurance companies
iv. Publish 10 research papers/articles

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Activities	Outputs	Outcomes	Long-term Impact
• Developing framework for the formation of an institutional mechanism for better scheme implementation, financial discipline, budgetary management, impact assessment, and stakeholders' performance monitoring and evaluation • Support design, development and upgradation of IT system/ platform and integration of digital portal for agri financing and strengthening of National Crop Insurance Portal, integration with State's crop insurance portal (if any) and other technology, integration of digitized land records of states with NCIP. • Development of tech-enabled systems for yield estimation of crops for claim settlement, auto-calculation of risk classification, risk analysis, risk modelling, subsidy calculation & management (State and Central), interest subvention, invoice management, and fund disbursement through the use and integration of new technology such as AI, ML, Satellite-Based Imagery, Remote Sensing Technology, UAV, etc. • Forge partnerships with institutions and agencies (national and international) for evidence-based research, adoption of good practices, etc. • Enabling institutional financing through multiple channels and modes • Setting up of integrated helpdesk for improved grievance redressal system. • Train and support key institutional stakeholders such as State Government officials, insurance companies' representatives, banks etc. • Supporting enablers in evaluation of credit worthiness, analyze risk profiles,	1.1 Improved systems and processes for land and crop identification and tagging, direct yield estimation, loss assessment, risk understanding, and optimum price discovery 1.2 Strengthened financial management, performance audit, compliance monitoring, and grievance redressal system 1.3 Revamped dynamic IT system and portal for auto administration of the complete lifecycle and transparent, timely approval and disbursement of agriculture loans and insurance claims 1.4 Strengthened institutional capacity of key stakeholders to effectively deliver the intended benefits of agri financing and risk mitigation schemes to farmers, specifically small and marginal and women farmers	Efficient and transparent implementation of agri-value chain financing and risk mitigation solutions with a focus on improved service delivery	A Sustainable and Climate Resilient Agriculture Sector with increased incomes, secured livelihood, and better quality of life, particularly for small, marginal and women farmers
• Development of customized training videos, knowledge repository, designing of training material, and region/language wise farmer testimonials and success stories. • IEC and capacity building activities and developing LMS catering to needs of different stakeholders • Strengthening collaboration with the apex institutes for trainings and specialized courses • Creation of a well informed and aware digital community within the stakeholders and developing advisories for different stakeholders as per seasonality discipline. • Technical support to States and other stakeholders (linking with National Crop Insurance Portal) in form of tender evaluation, premium pricing, risk assessment of districts and cluster formulation, setting up of state PMU.	2.1 Enhanced awareness and knowledge level of farmers, and other stakeholders regarding agri-value chain financing and risk mitigation programmes and informed decisions making. 2.2 Improved and streamlined coordination and scheme management between implementing organizations and supporting stakeholders	Improved awareness, capacity, and enhanced convergence between key stakeholders leads to enhanced adoption by states and increased access to farmers	
• Developing need-based innovative credit and insurance products • Support development of Sandbox Framework for piloting and adopting good practices under agri-financing and crop insurance programmes • Development of indices using weather data, other technology driven weather data and RST derived data based on crop and geographic adaptations • Review of current business practices and procedures inside and outside India and publishing of research papers on best practices under agri-financing and crop insurance adopted by implementing States and international best practices	3.1 Effective, sustainable and need based agri-financing and risk mitigation products for states and farmers designed 3.2 Adoption of good practices suitable for Indian context and roll out of innovative products and services on large scale 3.3 Holistic gender inclusive institutional financing and credit supply at various stages of agri value chain including production, aggregating, grading/sorting, warehousing and value additions through processing and retailing	Wide spectrum of innovative and customized products& services based on alternate risk sharing mechanisms coupled with international best practices are available for need based agri financing and	

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b) Resources Required to Achieve the Expected Results

The total financial resource required for the project for a period of four years is about **USD 12.646 Million (INR 100.85 Crore) to be fully funded by the Government of India**. UNDP will provide oversight and quality assurance services for ensuring the achievement of the envisaged results. The partnership framework will attract government programme funding and, in the process, ensure effective implementation of the government programmes with desired programme results. PMU would be created with the required manpower containing various domain experts. The details of budget are in annexure.

c) Partnerships

The project will also employ a proactive and synergistic approach to partnerships for consultation, feedback, learning, service delivery with stakeholders and build a strong network of partners. An extensive multi-stakeholder partnership between government, donor organisations, specialised agencies will play an important role in effective implementation of the scheme.

The project will also attempt to build on its existing partnership with agriculture or farmer cooperatives, producer groups, federations, and self-help groups developed by Micro-finance institutions, rural banks, NRLM, primary agriculture cooperatives promoted by Cooperative Departments, NABARD which could be operated in a mutually beneficial and sustainable way to improve awareness and access among farmers. These partnerships will create a platform for open access of information for improved decision making, transparency, clarity about project activities across a number of related areas and activities impacting the uptake of crop insurance and crop-credit and effective targeting of resources to reach the last mile.

d) Risks and Assumptions

Description	**Risk Category**	**Impact and Likelihood Risk Level**	**Risk Treatment/Management Measures**	**Risk Owner**
If capacity building and meaningful engagement with relevant stakeholders are not taken care of, then coverage of farmers under the scheme will not improve.	Operational	Impact:4 Likelihood: 2 Risk Level: Moderate	Capacity building and technical support to be provided to states/ insurance companies/banks to offer multiple options of alternate risk management models in addition to PMFBY for crop insurance and credit in addition to KCC to choose from as per their requirements based on agriculture patterns and practices. Steps will be taken to transfer premium contributions on time to insurance companies by states and the central government.	Project Executive (UNDP)
If lack of trust and awareness persists among the target farmer groups, then coverage of insurance and	Operational	Impact:3 Likelihood: 4 Risk Level: Moderate	1. Localised communication strategy along with grievance redressal mechanism and timely payment of claims to the farmers 2. Design of innovative credit and crop insurance products	Project Executive (UNDP)

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credit products will not improve.				
If there is limited availability of the skilled resources having functional knowledge on crop insurance, especially at State Government/UT level, then delivery of the schemes will be poor.	Operational	Impact:4 Likelihood: 3 Risk Level: Moderate	Implementation support will be provided to the state governments which would help them in creating working environment and establish the checks and balances necessary for the implementing agencies to work together and to regulate their operations. The project will also train the implementing agencies on administrative and operational aspects of the schemes.	Project Executive (UNDP)
If communication and scheme guidelines does not include women and excluded/vulnerable groups, then schemes could show a low participation rate from the target group.	Strategic	Impact:3 Likelihood: 3 Risk Level: Moderate	1. Communication strategy to focus on women and excluded/vulnerable groups. 2. Scheme design and policy to focus on strategies to include women and excluded group to enhance participation and coverage under the scheme.	Project Executive (UNDP)
If adverse climatic and weather conditions occur frequently, then claim ratio and bad debts will increase.	Environmental	Impact:4 Likelihood: 4 Risk Level: Substantial	Support will be provided to include measures in the schemes that would include considering the climate specifics of the area, farming potential and needs, affordability of applied methods etc. risk and vulnerability assessment and possible interventions and corrective measures in terms of agriculture practices and crop diversification.	MoA&FW & Project Executive (UNDP)
If schemes do not have user-friendly digital interfaces, then adoption of schemes may be impacted.	Organisational	Impact: 3 Likelihood: 2 Risk Level: Moderate	To support increased uptake of crop insurance and credit: 1. Support design, development, and upgradation of IT system/ platform. 2. Development and integration of digital portal for Agri financing 3. Strengthening of National Crop Insurance Portal will be planned	Project Executive (UNDP)

e) Stakeholder Engagement

Effective partnerships and participation of different stakeholders e.g., state, and local governments, insurance companies, agricultural banks, MFIs, and farmer cooperatives) and creating models of distribution would help in reducing transaction costs thus making the investments in crop insurance sustainable. The participation of distribution

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partners such as NGOs or MFIs with huge networks in rural communities will expand knowledge sharing, specifically through an approach well tested in rural areas.

A strong feedback and monitoring system will be built into the project to ensure that the views of rural clients, especially small and marginal farmers, are considered in the iterative process of improving the pilot product. Capacity building and awareness-raising activities will also enable farmers to grasp the concept of climate-based risk management, help manage their expectations from the project, and provide feedback as implementation progress.

Farmers especially small and marginal farmers: Small & marginal and women farmers are often excluded from risk-sharing mechanisms as they have little to offer in mutual aid arrangements leading to very limited access to climate risk-adaptation tools. Low level of insurance and financial literacy or familiarity with methods and suitability of the insurance products and timeliness of services offered by the market has also contributed to the low uptake among this group. In addition, high transaction costs and poor outreach networks have more often than not made it costly to distribute insurance in rural areas—up to 40% of premium costs in some cases. Creating a quick relief response for farmers affected by crop loss due to unfavourable environmental conditions outside their control will be crucial in mitigating the risks and reducing distress, debts that keep them trapped in poverty. The strategic approach of the proposed project strongly focusses on providing effective risk management tools to mitigate crop and income loss to reduce the vulnerabilities faced by farmers through strengthening the institutional structure at the national and state levels and creating effective distribution models to reduce the transaction cost for delivering crop insurance.

State governments: Technical support to states and other stakeholders will be strengthened (linking with National Crop Insurance Portal) in form of Tender Evaluation, Premium Pricing, Risk assessment of Districts and Cluster Formulation and handholding for setting up State PMUs. Capacity of governments at the national and state level to regulate and supervise the premium subsidy regime and provide better value to farmers will be strengthened. A policy, planning and monitoring framework supported by the database management system that includes state level and national crop insurance underwriting claims, digitised land holding records, national crop CCE yield database and loss estimation will be put in place with the consent of the stakeholders, to ensure the protection of rural clients and the reliability of insurance services.

Implementing partners: Crop insurers, reinsurers, and distribution partners (such as MFIs, farmers, cooperatives, and agricultural banks) will also benefit from a conducive policy environment and capacity building, especially in the administrative and operating skills required for untraditional crop insurance. MFIs, farmer cooperatives, women cooperatives, and other partners will be able to manage mass defaults caused by weather shocks. The project will provide a platform for public and private partnerships in offering climate risk-adaptation tools and will enhance transparency in insurance service operations. The schemes aim at strengthening financial management, performance audit, compliance monitoring, and grievance redressal system to streamline the flow of funds across agri financing and risk mitigation solutions and for enhanced user experience.

Enablers: Collaboration with stakeholders such as technical agencies, multilateral agencies, thinktanks, Universities, Agri-tech platforms, Fintech, insure-tech platforms etc. will be an integral part of the implementation support provided by the project to DoA&FW for the efficient functioning of the schemes. The project will create private sector participation mechanisms for developing innovative risk-adaptation tools considered suitable for all types of farmers, including small farm households. Training and seminars facilitated by the project will improve educational outreach. The project will facilitate cooperation with international development-sector agencies think tanks, and bilateral cooperation to exchange best practices and new-age initiatives in the field of agriculture credit and risk transfer and financing solutions. The project will promote domestic and international knowledge exchanges for central, State, and local level functionaries, service providers, and technical support staff.

f) South-South and Triangular Cooperation (SSC/TrC)

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The project will draw on international experience and facilities such as Insurance Risk and Finance Facilities to introduce best practices on product design, procurement, subsidy rules, investment in public goods, promotion, and public awareness activities to achieve and sustain the results envisaged under the PMFBY/KCC-MISS scheme.

g) Digital Solutions[5]

The project would support the further enhancement of National Crop Insurance Portal (NCIP) to provide a single Information Technology (IT) enabled platform for digitisation of processes and information data bank and dissemination mechanism, automation of administrative procedures, integration of information and systems across multiple sources, information validation and premium and claim calculation and remittance etc. This IT-driven system aims at addressing the issues which affected the system of programme administration, thereby reducing its efficacy and leading to denial/ delay in benefit transfer to farmers viz. selective/layered information access, manual interventions, multi-step procedures, documentary evidence/proofs, delayed/defective information sharing etc. Hence, integration of IT platforms of banks, ICs, and State Govts. Yield/weather data providers, Land Records, UIDAI with National Crop Insurance Portal directly or through the interface for fetching in information is essential to avoid errors for timely transmission of requisite information amongst major stakeholders, early settlement of claims, proper monitoring, and transparent administration of the Schemes.

Once the entire linking of IT platforms of all stakeholders with the Web Portal is established, it would also lead to faster processing of claims due to the electronic flow of information. Currently, this Portal is available in Hindi and English, and it will be converted into multiple regional languages. The conceptualisation and development of the web portal has already been completed and launched and facilitate the notification digitization, farmer's application enrolment, application management, user management, etc. subsidy release management, claim disbursement and other functionalities will be made available in the next version of National Crop Insurance Portal.

The project will also develop a national farmer credit portal aggregating granular information on farmers communities, landholding, income, the quantum of indebtedness, sanction, disbursement on KCC, MISS schemes which may be disaggregated by gender, age, caste, communities, state, and districts. Such granular information will help the policymakers to focus on key geographic regions and communities which are performing poorly on the implementation of such schemes.

h) Knowledge

The project will undertake further enhancements of the Crop Insurance Portal and crop insurance app set up by DA&FW to strengthen claim calculation, claim settlement, grievance redressal, and other aspects. To ensure all stakeholders can communicate with the portal including banks, insurers, and State Governments involved in the conduct of CCE and technology providers, strengthened technical support to be provided in form of Tender Evaluation, Premium Pricing, risk assessment of districts and cluster Formulation. Integration of relevant aspects of PMFBY with KCC MISS into the portal, enhancement in crop insurance app to involve additional features like enrolment of farmers would be undertaken. The project will develop a dashboard for national credit status and implementation of KCC & MISS schemes at the national level in the department. The NCIP would help in capturing the entire data relating to insured crops and serve as the repository for the data relating to the KCC MISS and crop insurance scheme. Other databases which could be developed and maintained in future include:

I. Premium Subsidy On-Line Database Management System where the participating banks and insurers could upload the premium bordereau on a routine basis during the enrolment window and which the State and Central Government could audit and approve for the purposes of settling their 50:50 shares of the premium subsidies to the participating Insurance Companies
II. Digitised land (holding) records for all farms/plots and fields,

[5] *Please see the Guideline "Embedding Digital in Project Design".*

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III. National Crop CCE Yield Database providing historical and current Area Yield Data for all Notified crops and Insured Units and on which basis the 7-year Average Yield is established, and technical rates calculated for each coverage level

IV. Weather data portal to access data from IMD and other accredited private sector providers of weather services for the purposes of monitoring early season prevented planting/failed germination cover and mid-season losses due to localised perils.

V. National credit database of KCC beneficiaries disaggregated as per gender, landholding, social groups, education, repayment discipline, indebtedness etc.

The project will create a knowledge repository related to crop insurance and credit at the national level and produce an annual report on crop insurance on the actuarial distribution of subsidies that draws on robust actuarial, statistical, and econometric techniques and background papers by research organisations and key market players. There would be a focus on enabling a review of current business practices and procedures inside and outside India and for publishing research papers based on best practices under Agri-financing and Crop Insurance adopted by implementing States and international best practices. Need-based products would be developed for the stakeholders and collaboration with international crop insurance and agri-financing programmes and experts would be undertaken to draw on best practices for strengthening the schemes. There would be a focus on the development of a sandbox framework for piloting and adopting good practices under agri-financing and crop insurance programs.

i) Sustainability and Scaling Up

The project will build on its existing inclusive approach, participatory processes, strong networks of implementing agencies, and systematic learning and capacity-building activities to ensure sustainability and scaling up. The following strategies are planned to be adopted:

- *Improved National and State Capacities*: UNDP will continue to focus on institutional strengthening and capacity-building of partners that include a wide range of public and private institutions including those at the community level like farmer producer organisations and their co-operatives especially women FPO and cooperatives. Project will work through this structure for testing innovative products, alternate distribution channels, and upscaling successful approaches for improved implementation. A key focus area of the project will be on building technical and management capacities of key functionaries in the implementation structure including government officials, district/block level functionaries, and insurance companies' staff.

- *Network Creation*: The project will support the building of strong symbiotic networks between the stakeholders and encourage information sharing and knowledge transfer mechanisms. This will ensure widespread dissemination of project learning and innovative ideas.
- *Creating a cadre of local community professionals:* who will be trained during the project to take forward the work beyond the duration of our engagement. These on-ground champions / Prime Minister's Farmer/Kisan/Krushi Mitra will be critical to ensure sustainability as they know the local context, culture, challenges and have the social capital to enable adoption of our insurance and credit facility.
- *Knowledge Transfer and Support to State:* UNDP will continuously transfer the technical know-how and experience gained with the states specifically those that have shown slower levels uptake often constrained by the resources available to provide the premium subsidy, the PMU will try to evolve partnership models with a wide variety of stakeholders to enlist the active participation of states that have shown slower levels of progress in coverage.

IV. PROJECT MANAGEMENT

Cost Efficiency and Effectiveness

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The project will use the theory of change analysis to explore different options to achieve maximum results with available resources and to ensure effective delivery. A robust portfolio management approach that will ensure the cost-effective implementation of interventions at the local level. Joint programming with other initiatives such as IRFF and fundraising with strategic partners will enable cost sharing and effectiveness in implementation.

The major cost heads under the project include the cost of technical experts, capacity building and training, IEC, and operational costs. The salary costs are in line with phase I of the project and are also comparable to the market rates prevalent currently within UNDP's overall salary norms. The travel costs follow UNDP travel and DSA norms. The project will fully cover all direct project costs attributable to achieving the project results. The budget covers significant direct project costs that are directly attributable to the project based on prevailing UNDP policies, as relevant.

Project Management

The project will be implemented at two levels – national and state. The project will further strengthen its Support Unit set up in the New Delhi office keeping its proposed focus on advanced technology integration and inclusion of access to credit. Most of the technical experts will be operating from the Department of Agriculture and Farmers Welfare, Govt. of India (MoA&FW) except a few experts responsible for project HR, administration support, international liaison, and research. The national project director will have the overall responsibility to manage the project's operations and achieve the intended results with a team of experts having technical expertise in crop insurance and the agri-credit domain.

The project will be directly implemented by UNDP in cooperation with the Department of Agriculture and Farmers Welfare, Govt. of India (MoA&FW), and respective state governments' departments. It is planned that state-level technical support and on-ground implementation would be managed by the Central PMU in partnership with key stakeholders such as insurance companies, Agri research institutions, and community-based organizations as appropriate. It will also aim to track access and gain an understanding of different social groups, monitor responses to the new products, and determine if and how farmers modify their behavior.

UNDP will be responsible for the effective use of resources and the achievement of outcomes and outputs as set forth in this document. UNDP will be responsible for all financial management, reporting, procurement, and recruitment services. UNDP recruitment and procurement rules will apply.

Financial flow and financial management: The project will be implemented by UNDP under Direct Implementation modality. In this case, UNDP assumes the responsibility for mobilizing and effectively applying the required inputs to reach the expected outputs. UNDP assumes overall management responsibility and accountability for project implementation. Accordingly, UNDP would follow all policies and procedures established for its own operations and will be responsible for all financial management, reporting, procurement, and recruitment services.

UNDP may identify Responsible Parties to carry out any specific activities within a Direct Implementation Modality (DIM) project. A Responsible Party is defined as an entity that has been selected to act on behalf of the UNDP based on a written agreement or contract to purchase goods or provide services using the project budget. All Responsible Parties are directly accountable to UNDP in accordance with the terms of their agreement or contract with UNDP. The Responsible Party may follow its own procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of the responsible party, does not provide the required guidance to ensure best value for money,

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fairness, integrity, transparency, and effective international competition, then UNDP rules and regulations shall apply.

In accordance with the decisions, policies, and procedures of UNDP's Executive Board reflected in its Policy on Cost Recovery from Other Resources, the Contribution shall be subject to cost recovery for direct and indirect costs incurred by UNDP structures in providing Support Services.

To cover these costs, the donor Contribution shall be charged a fee of at least 8%. Under the Government financing component, the UNDP Country Office in New Delhi, through its Programme, Human Resource, and Finance teams will provide transactional support, oversight, development effectiveness, and quality assurance of the services being provided and will charge minimum support services fees of 8% on the gross expenditures against funds received to cover such direct and indirect support service costs of the project.

The aggregate of the amounts budgeted for the project, together with the estimated costs of reimbursement of related support services, shall not exceed the total resources available to the project under this Agreement as well as funds that may be available to the project for costs and for support costs under other sources of financing. Where programmes/initiatives are funded under the consultancy model of Government financing, UNDP will support the implementation of the project under the guidance and supervision of the concerned Department and as per the parameters and budgets laid down in the agreement.

Project Audit:
The project shall be subject to audit in accordance with UNDP rules and regulations. The donor funds shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules, policies, and procedures of UNDP. Should the annual Audit Report of the UN Board of Auditors to its governing body contain observations relevant to the donor funds, such information shall be made available to the donor by the country office.

Project closure: The project would be closed as per UNDP rules and regulations.

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V. RESULTS FRAMEWORK[6]

Intended Outcome as stated in the UNSDCF/Country [or Regional] Programme Results and Resource Framework: By 2027, people will benefit from and contribute to sustainable and inclusive growth through higher productivity, competitiveness, and diversification in economic activities that create decent work, livelihoods, and income, particularly for youth and women
Outcome indicators as stated in the Country Programme [or Regional] Results and Resources Framework, including baseline and targets:
Applicable Output(s) from the UNDP Strategic Plan: No one left behind, centering on equitable access to opportunities and a rights-based approach to human agency and human development
Project title and Atlas Project Number: Supporting Effective implementation of Agricultural Credit and Insurance Schemes in India

EXPECTED PROJECT OUTPUTS	OUTPUT INDICATORS[8]	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)					DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	Year 3	Year 4	FINAL	
A. Efficient and Transparent implementation of agri value chain	A.1 Roll out of dynamic and Interactive NCIP as one stop source having Integration with states,	Link of National Crop Insurance portal	www.pmfby.gov.in	2022		Launched in June 2024				

[6] UNDP publishes its project information (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project.

[8] It is recommended that projects use output indicators from the Strategic Plan IRRF, as relevant, in addition to project-specific results indicators. Indicators should be disaggregated by sex or for other targeted groups where relevant

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financing and risk mitigation solution with a focus on improved service delivery	banks and other institutions Target: June 2024									
	A .2 Launch of Centralised helpline for information and grievance redressal with 7 days Turn a round Time for 90% cases Target: December 2023	Link of Helpline numbers on schemes' website		2022		Dec 2023				
	A.3 Number of new enrolments channel for PMFBY & Agri-financing identified for onboarding farmers Target: 5	National Crop Insurance portal and KCC MIS portal		2022		2 (40%)		5 (100%)	5	
	A.4 Smart Sampling Technique based 100% CCEs and Technology-assisted crop loss assessment & yield estimation Target: 12 States (cumulative)	National Crop Insurance portal	1	2022	3	6	9	12	**12**	
	A.6 Integration of Land records with NCIP & KCC-MISS Portal Target: 12 States (cumulative)	National Crop Insurance portal	5	2022	8	9	10	12	**12**	
B. Improved awareness, capacity,	B.1 Percentage increase in farmers covered by PMFBY from 2022 Target: 40%	National Crop Insurance portal	To be put	2022	10%	20%	30%	40%	**40%**	

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and enhanced convergence between key stakeholders lead to enhanced adoption by states and increased access to farmers	B.2 Percentage increase in credit disbursement to small and marginal farmers through KCC and MISS implementation from FY 2023-24 Target: 250% Cumulative	Schemes' website	TBD	2022	6%	12%	18%	25%	**25%**	
	B.3 Collaboration with national-international institutions on knowledge transfer and training Target: 8	Acknowledgment/Approval letters		2022	2	4	6	8	8	
C. Wide spectrum of innovative and customized products& services based on alternate risk sharing mechanisms coupled with international best practices are available for need-based agri financing and climatic/catastrophic risks	C.1 Number of innovative credit and insurance products adopted/developed Target: 4 (Cumulative)	MoA&FW Annual Reports programme and Annual Project Reports	0	2022		1	3	4	4	
	C.2 Number of good practices / technology/ products piloted through Sandbox approach or rolled out with Banks and Insurance Companies Target: 4 Cumulative	Knowledge products available on schemes' website		2022	1	2	3	4	4	

VI. MONITORING AND EVALUATION

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UNDP will put in place a comprehensive Monitoring, Evaluation, and Learning system for this project which captures the progress against the intended outputs of the progress on a continuous basis. A comprehensive list of indicators will be tracked through a multi-layered MEL system that will provide the most critical information to track the progress against outputs and contributions to impact. The MEL will continuously collect feedback from the key stakeholders to adapt programming to ensure the achievement of intended results.

UNDP will deploy competent resource capacities with defined roles and responsibilities to (a) track performance through the collection of appropriate and credible data and other evidence; (b) analyse evidence to inform management decision-making and improve effectiveness and efficiency; and (c) report on performance and lessons to facilitate learning and support accountability. In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans:

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (If joint)	Cost (If any)
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	As per the frequency required for each indicator	Monitoring dashboard tools and templates will be developed for mapping the progress of the project	Project Partners	Budgeted
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.	Project Partners	Budgeted
Learn	Knowledge, good practices, and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	Annually	Relevant lessons are captured by the project team and used to inform management decisions.	Project Partners	Budgeted
Annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths	Annually	Areas of strength and weakness will be reviewed by project management and used to inform	Project Partners	Budgeted

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Monitoring Activity	Purpose	Frequency	Expected Action	Partners (If joint)	Cost (If any)
	and weaknesses and to inform management decision-making to improve the project.		decisions to improve project performance.		
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision-making.	Annually	Performance data, risks, lessons, and quality will be discussed by the (i.e., Project Steering Committee/Board) and used to make course corrections.	Project Partners	Budgeted
Project Report	A progress report will be presented to the (i.e., Project Steering Committee/Board) and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)	Annual progress project report is prepared and shared with key stakeholders.		
Project Review (i.e., Project Steering Committee/Board)	The project's governance mechanism (i.e., Project Steering Committee/Board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Steering Committee/Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Annually	Any quality concerns or slower than expected progress will be discussed with the project Steering Committee/board and management actions will be agreed to address the issues identified.		

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Evaluation Plan[7]

The End Term Evaluation of Phase I-Setting up a Central Technical Support Unit on Crop Insurance – PMFBY will serve as the baseline for Phase II- Strengthening of Central PMU on Crop Insurance - PMFBY and KCC-MISS.

Evaluation Title	Partners (if joint)	Related Strategic Plan Output	UNSDCF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding (USD)
Mid-Term Evaluation	Ministry of Agriculture and Farmers' Welfare & UNDP India	No one left behind, centering on equitable access to opportunities and a rights-based approach to human agency and human development	By 2027, people will benefit from and contribute to sustainable and inclusive growth through higher productivity, competitiveness and diversification in economic activities that create decent work, livelihoods, and income particularly for youth and women	December 2024	Farmers Participating States, Financial Institutions, Insurance Companies, etc.	62696
End Term Evaluation	Ministry of Agriculture and Farmers' Welfare & UNDP India	No one left behind, centering on equitable access to opportunities and a rights-based approach	By 2027, people will benefit from and contribute to sustainable and inclusive growth through higher productivity, competitiveness and diversification in economic activities that create decent	March 2026	Farmers Participating States, Financial Institutions, Insurance Companies, Etc	

[7] Optional, if needed

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		to human agency and human development	work, livelihoods, and income particularly for youth and women			

VII. MULTI-YEAR WORK PLAN [89]

All anticipated programmatic and operational costs to support the project, including development effectiveness and implementation support arrangements, need to be identified, estimated, and fully costed in the project budget under the relevant output(s). This includes activities that directly support the project, such as communication, human resources, procurement, finance, audit, policy advisory, quality assurance, reporting, management, etc. All services which are directly related to the project need to be disclosed transparently in the project document.

[8] Cost definitions and classifications for project and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32

[9] Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project steering committee/ board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

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Planned Outcomes	Outputs	Indicators and Targets	Activities	Yearly Budget in INR				Planned budget in INR	Planned budget in USD @79.75
				2023	2024	2025	2026		
Efficient and transparent implementation of Agri-value chain financing and risk mitigation solutions with a focus on improved service delivery	Improved systems and processes for land and crop identification and tagging, yield estimation, loss assessment, risk understanding, price discovery Strengthened financial management, performance audit, compliance monitoring, and grievance redressal system Design and development of dynamic revamped IT system and portal for	Dynamic and interactive NCIP rolled-out Target: 1 portal Centralised helpline for information and grievance redressal launched Target: 1 helpline No. of new enrolment channels for PMFBY and agri-financing onboarded Target: 5 No. of states whose land records integrated with NCIP Target: 12 Smart Sampling Technique based 100% CCEs and Technology assisted crop loss assessment and yield estimation Target: 12 States (cumulative)	Development of tech-enabled systems for yield estimation of crops for claim settlement, interest subvention, invoice management, fund disbursement etc. Setting up of Integrated helpdesk for improved grievance redressal system Support design, development and upgradation of IT system/ platform and development and integration of digital portal, strengthening of NCIP Train and support key institutional stakeholders such as State Government officials, Insurance companies' representatives, Banks etc.	2,76,22,000	70,62,800	71,26,220	80,55,053	4,98,66,073	6,25,280

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	Strengthened institutional capacity of key stakeholders to effectively deliver the intended benefits of Agri financing & risk mitigation schemes to farmers - specifically small and marginal.	Multi-stakeholder meetings for knowledge and experience sharing organized Target: Annual No. of international knowledge exchange consultations/ workshops/conferences organized Target: 4	Forge partnerships with institutions and agencies (National and international) for evidence-based research, adoption of good practices, etc. Procurement of remote sensing technology equipment for PMFBY						

Planned Outcomes	Outputs	Indicators and Targets	Activities	Yearly Budget in INR				Planned budget in INR	Planned budget in USD @79.75
				2023	2024	2025	2026		
Improved awareness, capacity, and enhanced convergence between key stakeholders leads to enhanced adoption by states and increased access to farmers	Enhanced awareness and knowledge level of farmers and other stakeholders regarding agri-value chain financing and risk mitigation programmes resulting in informed decisions making and error reduction	No. of farmers reached out to through advocacy, mass communication and behaviour change communication related to crop insurance Target: 5 crores LMS and different courses for different stakeholders created Target: 1 LMS, at least 10 different courses No. of individuals trained to act as	IEC and capacity building activities and development of customized training videos, training material and region/language wise farmer testimonials and success stories. Strengthening collaboration with the apex institutes for trainings and specialized courses Creation of a well informed and aware digital community within the stakeholders and developing advisories for different stakeholders as per seasonality discipline	63,00,000	58,80,000	44,38,000	47,76,800	2,13,94,800	2,68,273

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	Improved and streamlined coordination and scheme management between implementing organisations and supporting stakeholders	resource persons (PM Kisan Mitra) to farmers Target: 40,000 No. of training videos, booklets on farmers' success stories, posters, pamphlets, news, print media articles and translations of the same in all major languages Target: 10	Developing LMS catering to needs of different stakeholders Technical support to States and other Stakeholders in form of Tender Evaluation, Premium Pricing, Risk assessment of Districts and Cluster Formulation						
	Collectivisation of farmers, especially small and marginal farmers through FPO or similar means to overcome limitations in accessing credit facilities due to small scale operation levels								

Planned Outcomes	Outputs	Indicators and Targets	Activities	Yearly Budget in INR				Planned budget in INR	Planned budget in USD @79.75
				2023	2024	2025	2026		
Wide spectrum of innovative and customized products& services based on alternate risk sharing mechanisms	Development of effective, sustainable and need based agri-financing and risk mitigation products for states and farmers	No. of innovative credit and insurance products developed/adopted Taret: 4 No. of good practices/ technology/ pilot products rolled-out through Sandbox	Developing need-based innovative credit and insurance products Support development of Sandbox Framework for piloting and adopting good practices under Agri-financing and Crop insurance	40,00,000	60,00,000	80,00,000	20,00,000	2,00,00,000	2,50,784

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coupled with international best practices are available for need based agri financing and climatic/ catastrophic risks	Adoption of good practices suitable for Indian context and roll out of innovative products and services on large scale Holistic institutional financing and credit supply at various stages of agri value chain including production, aggregating, grading/sorting, warehousing and value additions through processing and retailing	approach among banks and insurance companies Target: 4 No. of pilot studies/behavioural research studies using Human Centric Design approaches conducted Target: 10 No. of research papers/articles published Target: 10 No. of national-international institutions collaborated with on knowledge transfer and training Target: 8	programmes Publishing of research papers on best practices under Agri-financing and Crop Insurance adopted by implementing States and international best practices						
Documentation, Monitoring and Evaluations	M&E		Regular monitoring of project activities, midterm, and end-term evaluation		20,00,000		30,00,000	50,00,000	62,696

Planned Outcomes	Outputs	Indicators and Targets	Activities	Yearly Budget in INR				Planned budget in INR	Planned budget in USD @79.75
				2023	2024	2025	2026		

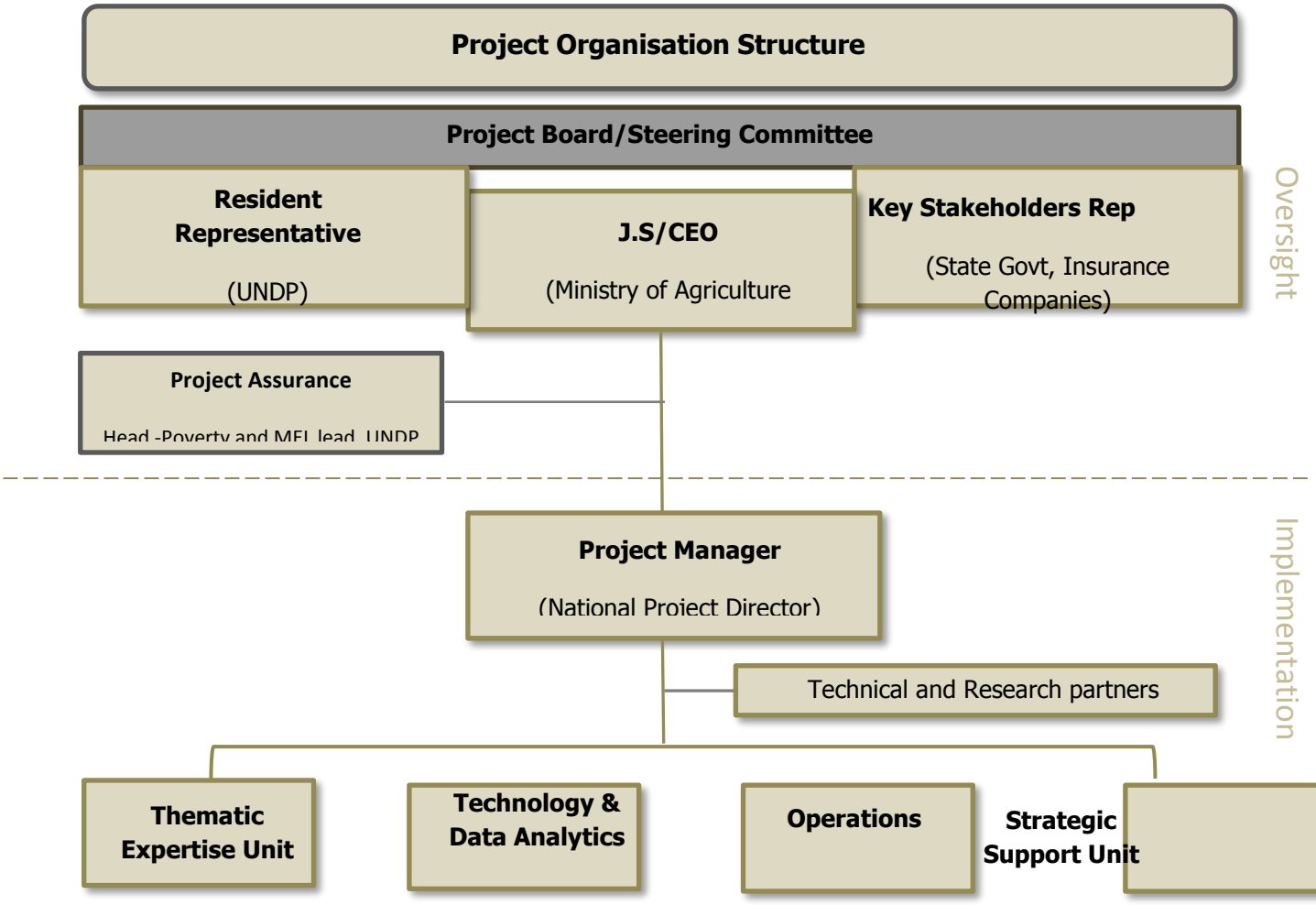
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Communication and Knowledge Management (KM)	Comms & KM		Project collaterals and communication materials for awareness and dissemination; knowledge sharing events and national/ state level consultations/ webinars and campaigns centred on important issues/ dates/ days; social media	50,00,000	55,00,000	60,50,000	66,55,000	2,32,05,000	2,90,972
Project Management Cost	HR		Human resource cost	12,58,80,000	13,21,74,000	13,87,82,700	14,57,21,835	54,25,58,535	68,03,242
	Opex		Project-related travel, office supplies, utilities, laptops, recruitment cost, etc.	6,57,00,000	6,27,90,000	6,86,46,500	7,46,71,125	27,18,07,625	34,08,246
Total in INR				23,45,02,000	22,14,06,800	23,30,43,420	24,48,79,813	93,38,32,033	
Management Costs @ 8%				1,87,60,160	1,77,12,544	1,86,43,474	1,95,90,385	7,47,06,563	
Grand Total in INR				**25,32,62,160**	**23,91,19,344**	**25,16,86,894**	**26,44,70,198**	**1,00,85,38,596**	
Grand Total in USD@79.75				**31,75,701**	**29,98,362**	**31,55,949**	**33,16,241**	**1,26,46,252**	

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VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

The project will be executed under Direct Implementation Modality (DIM) with UNDP acting as the Implementing Partner. UNDP may further partner with local institutions to implement specific project activities. UNDP will be responsible for the effective use of resources and the achievement of the project's outcomes and outputs as set forth in the document. UNDP will be responsible for all financial management, reporting, procurement, and recruitment services. UNDP recruitment and procurement rules will apply.



Project Steering Committee/Board: A Project Steering Committee (PSC), would be set up to review and monitor implementation of the project, will review the effectiveness and efficiency of the support towards strengthening the institutional, implementation and capacity building of the state governments and ensure the project objectives are achieved in a timely manner. UNDP through its

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portfolio, MEL lead, Human Resource and Finance teams will provide oversight and quality assurance of the services being provided. The PSC would be chaired by the CEO PMFBY / joint secretary, Ministry of Agriculture and Farmers' Welfare and would be co-chaired by the Resident Representative or Deputy Resident Representative, UNDP India. The PSC will meet on bi-annual basis and consist of representatives from: UNDP, Government, relevant stakeholders. State government and insurance sector representatives and subject matter experts would be co-opted as members of the steering committee, as agreed with the MOA&FW. The PSC will be empowered to take decisions regarding re-appropriation of budgets across different sub-components subject to overall limit of the total approved project budget for the Phase-II based on the requirements and criticality of the project sub-components and replacement of obsolete project functions (Resources/Titles) with emerging functions (Resources/Titles) during the currency of the project. PSC will also be empowered to assign and delegate relevant authorities to National Program Director for the efficient functioning of the project. The results of the programme will also be presented at the bi-annual meetings of the UNDP Country Programme Management Board co-chaired with the Department of Economic Affairs, Ministry of Finance, Government of India.

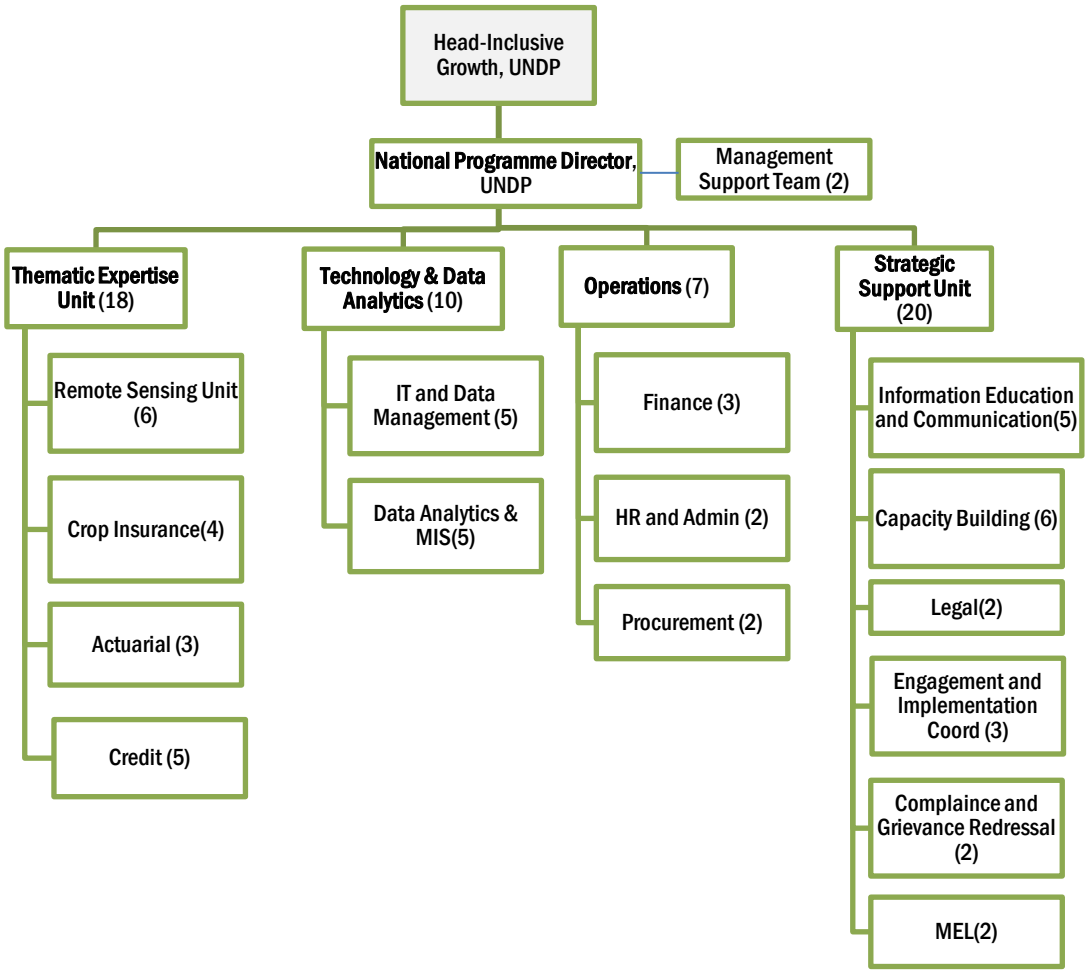
Project Assurance:

The project assurance will be the responsibility of UNDP. The Assurance will be performed by an official other than the UNDP Project Manager. The project assurance role will support the PSC by carrying out objective and independent project oversight and monitoring functions. This role ensures appropriate project management milestones are managed and completed. A Dy Resident Rep/portfolio Head will typically hold the Project Assurance role on behalf of UNDP

- Ensure that funds are made available to the project
- Ensure the project is making progress towards intended outputs
- Ensure that the project progress and financial reports are prepared on time and presented to the PSC
- Ensure that risks are properly managed and regularly updated
- Ensure periodic monitoring visits and spot checks
- Ensure that critical project information is monitored and updated in Atlas
-

Project Team: The project will have a strong technical support unit as per the following structure with Head Office in New Delhi. UNVs, individual consultants, and interns will also be recruited as per project needs from time to time. The dedicated national project director/coordinator and relevant capacities as described above with defined roles and responsibilities will be supported with oversight by the UNDP Portfolio Lead. UNDP will leverage expertise and lessons learnt through the regional bureaus and Country Offices to enrich outcomes.

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IX. LEGAL CONTEXT

Option b. Where the country has NOT signed the Standard Basic Assistance Agreement (SBAA)

The project document shall be the instrument envisaged and defined in the Supplemental Provisions to the Project Document, attached hereto and forming an integral part hereof, as "the Project Document".

This project will be implemented by UNDP in accordance with its financial regulations, rules, practices, and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the

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required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

X. RISK MANAGEMENT

Option b. UNDP (DIM)

1. UNDP as the Implementing Partner will comply with the policies, procedures, and practices of the United Nations Security Management System (UNSMS.)

2. UNDP as the Implementing Partner will undertake all reasonable efforts to ensure that none of the [project funds][10] [UNDP funds received pursuant to the Project Document][11] are used to provide support to individuals or entities associated with terrorism , that the recipients of any amounts provided by UNDP hereunder do not appear on the United Nations Security Council Consolidated Sanctions List, and that no UNDP funds received pursuant to the Project Document are used for money laundering activities. The United Nations Security Council Consolidated Sanctions List can be accessed via https://www.un.org/securitycouncil/content/un-sc-consolidated-list. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

3. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (http://www.undp.org/ses) and related Accountability Mechanism (http://www.undp.org/secu-srm).

4. UNDP as the Implementing Partner will: (a) conduct project and project-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

5. In the implementation of the activities under this Project Document, UNDP as the Implementing Partner will handle any sexual exploitation and abuse ("SEA") and sexual harassment ("SH") allegations in accordance with its regulations, rules, policies, and procedures.

6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

[10] To be used where UNDP is the Implementing Partner

[11] To be used where the UN, a UN fund/programme or a specialised agency is the Implementing Partner

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7. UNDP as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor, and sub-recipient:

a. Consistent with the Article III of the SBAA *[or the Supplemental Provisions to the Project Document]*, the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNDP's property in such responsible parties, subcontractor's and sub-recipient's custody, rests with such responsible party, subcontractor, and sub-recipient. To this end, each responsible party, subcontractor, and sub-recipient shall:

   i. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried.
   ii. assume all risks and liabilities related to such responsible parties, subcontractor's and sub-recipient's security, and the full implementation of the security plan.

b. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party's, subcontractor's, and sub-recipient's obligations under this Project Document.

c. Each responsible party, subcontractor, and sub-recipient (each a "sub-party" and together "sub-parties") acknowledges and agrees that UNDP will not tolerate sexual harassment and sexual exploitation and abuse of anyone by the sub-parties, and other entities involved in Project implementation, either as contractors or subcontractors and their personnel, and any individuals performing services for them under the Project Document.

   (a) In the implementation of the activities under this Project Document, each sub-party shall comply with the standards of conduct set forth in the Secretary General's Bulletin ST/SGB/2003/13 of 9 October 2003, concerning "Special measures for protection from sexual exploitation and sexual abuse" ("SEA").

   (b) Moreover, and without limitation to the application of other regulations, rules, policies, and procedures bearing upon the performance of the activities under this Project Document, in the implementation of activities, each sub-party, shall not engage in any form of sexual harassment ("SH"). SH is defined as any unwelcome conduct of a sexual nature that might reasonably be expected or be perceived to cause offense or humiliation, when such conduct interferes with work, is made a condition of employment, or creates an intimidating, hostile or offensive work environment. SH may occur in the workplace or in connection with work. While typically

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involving a pattern of conduct, SH may take the form of a single incident. In assessing the reasonableness of expectations or perceptions, the perspective of the person who is the target of the conduct shall be considered.

d. In the performance of the activities under this Project Document, each sub-party shall (with respect to its own activities) and shall require from its sub-parties (with respect to their activities) that they, have minimum standards and procedures in place, or a plan to develop and/or improve such standards and procedures in order to be able to take effective preventive and investigative action. These should include: policies on sexual harassment and sexual exploitation and abuse; policies on whistleblowing/protection against retaliation; and complaints, disciplinary and investigative mechanisms. In line with this, sub-parties will and will require that their respective sub-parties will take all appropriate measures to:
(i) Prevent its employees, agents or any other persons engaged to perform any services under this Project Document, from engaging in SH or SEA;
(ii) Offer employees and associated personnel training on prevention and response to SH and SEA, where sub-parties have not put in place its own training regarding the prevention of SH and SEA, sub-parties may use the training material available at UNDP;
(iii) Report and monitor allegations of SH and SEA of which any of the sub-parties have been informed or have otherwise become aware, and status thereof;
(iv) Refer victims/survivors of SH and SEA to safe and confidential victim assistance; and
(v) Promptly and confidentially record and investigate any allegations credible enough to warrant an investigation of SH or SEA. Each sub-party shall advise UNDP of any such allegations received and investigations being conducted by itself or any of its sub-parties with respect to their activities under the Project Document, and shall keep UNDP informed during the investigation by it or any of such sub-parties, to the extent that such notification (i) does not jeopardize the conduct of the investigation, including but not limited to the safety or security of persons, and/or (ii) is not in contravention of any laws applicable to it. Following the investigation, the relevant sub-party shall advise UNDP of any actions taken by it or any of the other entities further to the investigation.

e. Each sub-party shall establish that it has complied with the foregoing, to the satisfaction of UNDP, when requested by UNDP or any party acting on its behalf to provide such confirmation. Failure of the relevant sub-party to comply of the foregoing, as determined by UNDP, shall be considered grounds for suspension or termination of the Project.

f. Each responsible party, subcontractor and sub-recipient will ensure that any project activities undertaken by them will be implemented in a manner consistent with the UNDP Social and Environmental Standards and shall ensure that any incidents or issues of non-compliance shall be reported to UNDP in accordance with UNDP Social and Environmental Standards.

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g. Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud, corruption, or other financial irregularities, by its officials, consultants, subcontractors and sub-recipients in implementing the project or programme or using the UNDP funds. It will ensure that its financial management, anti-corruption, anti-fraud, and anti-money laundering and countering the financing of terrorism policies are in place and enforced for all funding received from or through UNDP.

h. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to each responsible party, subcontractor, and sub-recipient: (a) UNDP Policy on Fraud and other Corrupt Practices (b) UNDP Anti-Money Laundering and Countering the Financing of Terrorism Policy; and (c) UNDP Office of Audit and Investigations Investigation Guidelines. Each responsible party, subcontractor and sub-recipient agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.

i. In the event that an investigation is required, UNDP will conduct investigations relating to any aspect of UNDP programmes and projects. Each responsible party, subcontractor and sub-recipient will provide its full cooperation, including making available personnel, relevant documentation, and granting access to its (and its consultants', subcontractors', and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with it to find a solution.

j. Each responsible party, subcontractor and sub-recipient will promptly inform UNDP as the Implementing Partner in case of any incidence of inappropriate use of funds, or credible allegation of fraud, corruption other financial irregularities with due confidentiality.
Where it becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, each responsible party, subcontractor and sub-recipient will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). It will provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

k. UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud corruption or other financial irregularities, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement.

Where such funds have not been refunded to UNDP, the responsible party, subcontractor or sub-recipient agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to such responsible party, subcontractor or sub-recipient for the recovery of any

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funds determined by UNDP to have been used inappropriately, including through fraud, corruption or other financial irregularities, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

l. Each contract issued by the responsible party, subcontractor, or sub-recipient in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions, or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from it shall cooperate with any and all investigations and post-payment audits.

m. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project or programme, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.

n. Each responsible party, subcontractor and sub-recipient shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to its subcontractors and sub-recipients and that all the clauses under this section entitled "Risk Management Standard Clauses" are adequately reflected, *mutatis mutandis*, in all its sub-contracts or sub-agreements entered into further to this Project Document.

Special Clauses*.* In case of government cost-sharing through the project, the following clauses should be included:

1. The schedule of payments and UNDP bank account details.
2. Rupee A/c

Account Name	**UNDP Representative Rupee A/c**
Bank Name/Address	**Bank of America**
India	**DLF Centre, Sansad Marg, New Delhi -110 001 –**
Bank A/c No :	**21100019**
RTGS/IFSC Code:	**BOFA0ND6216**

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3. The value of the payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilisation by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the Government with a view to determining whether any further financing could be provided by the Government. Should such further financing not be available, the assistance to be provided to the project may be reduced, suspended, or terminated by UNDP.
4. The schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery.
5. UNDP shall receive and administer the payment in accordance with the regulations, rules, and directives of UNDP.
6. All financial accounts and statements shall be expressed in United States dollars.
7. If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit to the government on a timely basis a supplementary estimate showing the further financing that will be necessary. The Government shall use its best endeavours to obtain the additional funds required.
8. If the payments referred above are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph 6 above is not forthcoming from the Government or other sources, the assistance to be provided to the project under this Agreement may be reduced, suspended or terminated by UNDP.
9. Any interest income attributable to the contribution shall be credited to UNDP Account and shall be utilized in accordance with established UNDP procedures.
10. In accordance with the decisions and directives of UNDP's Executive Board:
11. The contribution shall be charged:
    [8%] cost recovery for the provision of direct and indirect support services
12. Ownership of equipment, supplies and other goods financed from the Fund shall vest in UNDP during the Project when UNDP uses and controls such equipment, supplies and other property. Transfer of ownership by UNDP during the Project or at the completion of the project will be at the volition of DA&FW and in any case, shall be handed over to DA&FW at the completion of the project as per rules and regulations of the UNDP."