

EVALUATION REPORT

Accion Fraterna Ecology Centre

August 18- 29, 2014

By:

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LIST OF ABBREVIATIONS

AEO –	Agriculture Extension Officer
AF -	Accion Fraterna
AF-EC –	Accion Fraterna - Ecology Centre
APMACS –	Andhra Pradesh Mutually Aided Cooperative Society
APMIP –	Andhra Pradesh Micro Irrigation Project
ARS –	Agriculture Research Station
ASMS –	Apex Sasya Mitra Samakhya
ATL –	Area Team leader
BIFSRA –	Bio-intensive Farming System in Rain-fed Areas
CBO –	Community Based Organization
CSO –	Civil Society organizations
DWMA –	District Water Management Authority
EDF –	Environment Defense Fund
FCN –	Fair Climate Network
FFS –	Farmers Field School
GSMS –	Grama Sasya Mitra Samakhya
HEIDA –	High External Input Destructive Agriculture
HMV –	Heavy Motor Vehicle
ICRISAT –	International Crops Research Institute for the Semi -Arid Tropics
IFS –	Integrated Farming System
IKG –	Integrated Kitchen Gardens
IPM –	Integrated Pest Management
IWMP –	Integrated Watershed Management Program
KVK –	Krishi Vigyan Kendra
LCF –	Low Carbon Farming
LEISA –	Low External Input Sustainable Agriculture
LMV –	Light Motor Vehicle
MFTC –	Multiple Fruit Tree Cropping
MGNREGS –	Mahatma Gandhi National Rural Employment Guarantee Scheme
MSMS –	Mandal Sasya Mitra Samakhya
MTC –	Multiple Tree Crops
NABARD –	National Bank for Agriculture and Rural Development
NGO –	Non- Governmental Organization
NPM –	Non-Pesticidal Management
PME –	Project Monitoring and Evaluation
PGS –	Participatory Guarantee System
PoP –	Package of Practices

RDT –	Rural Development Trust
RFC –	Rain-fed Farmers' Cooperative
SA –	Sustainable Agriculture
SMG –	Sasya Mitra Group
STO –	Socio-Technical Organizer
WASSAN -	Watershed Support Services and Activities Network

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Executive Summary

Accion Fraternal – Ecology Centre (AF-EC) aspires to be, and has evolved into a Knowledge Support Organization. Their programs are therefore designed to equip and support farmers to adapt as well as overcome natural and man-induced adversities such as drought and ecosystem degradation. The Sustainable Agriculture and Rural Livelihoods program of AF-EC is anchored in eight mandals (Dharmavaram, Raptadu, Kuderu, Atmakur, Kalyandurg, Beluguppa, Kundurpi and Settur) of Anantapur district covering 230 villages (inclusive of the watershed villages). A total of about 26,000 farmers are direct beneficiaries of the project. The region has experienced severe drought conditions for the past 4 years and agricultural productivity during this period has only been between 25-50% of normal expected yield. Against this backdrop AF-EC set out to increase and stabilize agricultural income of farmers in the region; Ensure food and nutritional security of rural households; Improve and sustain livelihood opportunities of under-educated rural youth. The 3 specific Objectives of the program are:

1. To reduce the cost of cultivation and mitigate drought (by diversified cropping) in 11200 ha of land belonging to 5600 farmer families through SA practices by 2015.
2. 1500 famers introduce Low Carbon Farming in their 1500 acres of land (607 ha of land) in order to gain access to the Indian CO² market by 2015.
3. The livelihood of approximately 3200 women and youth from the target families is diversified through alternate off farm/ nonfarm livelihoods by 2015.

The current phase of the “Promotion of Sustainable Agriculture and Rural Livelihoods in Anantapur District” being implemented by AF-EC, from April 01, 2012 ends on March 31, 2015. This External Evaluation conducted in August 2014, is in accordance with the contract between BftW and AF-EC. The scope involves the Sustainable Agriculture and Rural Livelihoods activities being implemented in the 230 villages of 8 mandals of Anantapur district. The purpose of this evaluation is to assess and provide comprehensive evidence based systematic account of the project activities, its implementation strategy, the achievement of outcomes, the impacts and the sustainability of the program. The evaluation also looked into the aspects of Financial management and Organizational governance and management. The Evaluation of the Program Achievement and Impact Assessment was carried out by Ms. Shylaja R.Rao; financial management by M.S. Kamath and Organizational governance and management by Khilesh Chaturvedi between August 18 to 30, 2014.

A. Program

The work of AF-EC is at four levels – Awareness campaigns, Training/Capacity Building and Field Demonstrations and Public Opinion Building and Policy Advocacy. To effectively reach out to the 100 targeted farming families in each village, AF-EC has organized the farming families it works with into four Sasya Mitra Groups (SMGs) consisting of 25 members each ensuring that social inclusion and gender concerns are addressed. The number of women taking on leadership roles in the CBOs has been increasing and they are also actively involved in decision-making. The SMGs are federated into Community Based Organizations (CBOs) at the village level as Grama Sasya Mitra Samakhya (GSMS), at the mandal level as Mandal Sasya Mitra Samakhya (MSMS) and at the district/apex level as Apex Sasya Mitra Samakhya

(ASMS). The CBOs are encouraged and trained to proactively participate in, and take ownership of their development. Since April 2014, each SMG has been subdivided into 5 sub-groups consisting of 5 members each to facilitate mutual co-operation in farming operation and better participation as well as for effective monitoring of activities under the Participatory Guarantee System (PGS) of certification.

- i. **Awareness Campaigns:** Till August 2014, a total of 796 campaigns covering 21,560 families have been conducted on various topics. The primary role of these campaigns is to make farmers aware of the short, medium and long-term dangers and implications of Green Revolution paradigm of Agriculture, which AFC/EC called High External Input Destructive Agriculture (HEIDA) practices as well as presenting them with the viable alternative of Low External Input Sustainable Agriculture (LEISA). The number of targeted families adopting at least 3 of the recommended 5 SA practices in their fields has been increasing over the years. Some 'non-target' farmers have also started incorporating some of these SA practices - increasing diversity of crops, growing food crops along with cash crops, experimenting with home-made botanicals, as a result of these campaigns.
- ii. **Trainings/ Capacity Building:** This is an integral part of the work done by AF and it includes trainings on sustainable agriculture, gender, group dynamics and leadership development. During the project period (April 2012- August 2014), 148 cluster level, mandal and area level trainings were conducted for GSMS leaders. Trainings on SA are imparted through Farmers Field Schools (FFS) and crop specific training on for organic cultivation and management practices. A total of 5443 FFS Sessions were conducted, reaching out to about 13,062 farmer families. Only about 74% of the target could be achieved as several farmers could not undertake sowing due to deficit rainfall. The evaluation offers some indication on the reduced use of chemical fertilizers and pesticides as a result of the FFS sessions resulting in reduced cost of agricultural production.
- iii. **Developing suitable cropping systems and Field Demonstrations:** In an effort to wean farmers away from mono-cropping of groundnut, and re-introducing diversified cropping patterns suitable and adapted to the prevailing environmental conditions, AF-EC has designed 10 intercropping systems of millets and pulses. These cropping systems are designed based on a) harsh agro-climatic and socio-economic conditions of the region b) historical evidences of various drought resistant crops before ground nut was popularized in the region c) principles of LEISA d) food and nutritional security of the families. AF-EC has been experimenting with these 10 different cropping models in farmer's fields. In addition, different SA practices like use of pheromone traps, bio-fertilizers, improved composting methods, preparation and use of botanical extracts for pest and disease control have been demonstrated. The project has been successful in getting farmers to actively participate in the field demonstrations although only seeds are provided free of cost to farmers. All other expenses for raising the crops are borne by the farmers themselves. Since the start of this phase of the program in 2012, there has been a steady increase in the number of farmers wanting to participate in the demonstration plots. In 2012-13, there were between 10-15 demonstration plots in each village, this has grown to 50 demonstration plots in each village by 2014-15. From 2012-13 till August 2014, a total of 26,636 farming families have participated in field demonstrations in 26,636 acres. The demonstrations have been undertaken with 14015 rain-fed farmers and 12,621 irrigated farmers.
- iv. **Low Carbon Farming (LCF):** In collaboration with the Fair Climate Network (FCN) and with support from the Environment Defense Fund (EDF), AF-EC has initiated the LCF program with 1500 farmers covering an

area of 1500 acres. The participating 1500 farmers from 24 villages have been formally registered, their lands are being surveyed and plotted with GPS, demographic data recorded and cropping systems and crop management practices documented. Simultaneously air samples from the reference plots are being collected and tested for emissions of green house gases – primarily Nitrous Oxide (N₂O) and Methane (CH₄) from paddy and ground nut fields to establish baseline emission rates. Participating in this program could, in the future, help farmers incentivize their SA practices by accessing carbon credits.

- v. **Alternate Livelihoods:** Agriculture under rain-fed conditions is unable to support even the basic livelihood needs of farming families in this region. As a means of securing alternate livelihoods, AF-EC has established two Driving Schools - one in Anantapur and the other in Kalyandurg - where youth are trained to become professional drivers – both for Light Motor Vehicle (LMV) and Heavy Motor Vehicle (HMV). Young girls are being trained in tailoring/garment making as an alternate livelihood strategy. The course duration is 4 months and at the end of the training the girls are able to sew, design and embroider garments. A total of 627 have been trained so far, however, all girls who have undergone training have not started working or earning money on a regular basis, except some who have set up tailoring shops and established a business in their own villages. These girls are earning, on an average, about Rs.2000 per month. Since the start of this phase (2012-2015) of the program, (till August 31, 2014), a total of 1197 youth have completed training and have acquired skills for diversified livelihoods. About 512 of them are either self-employed or have secured meaningful employment.
- vi. **Special Innovations and Initiatives:** In addition to these programs, there are special innovations and initiatives that have been implemented in some villages on an experimental basis to understand the feasibility and the level of acceptance by farmers before being recommended /applied on a larger scale. These special initiatives have the potential to mitigate drought, reduce risk of agricultural production, reduce the cost of cultivation, as well as support group formation and increase cooperation among members. The activities include: Tree crop models suited to arid regions (4 models); Rain-fed Farmer Cooperatives; Seed banks; Integrated Kitchen Gardens; Farm ponds; Fodder development and Aflatoxin management. Notable innovations include mobile micro-irrigation, protective irrigation to rain-fed crops, Anantha Planter and Aqua Seed Drill; Dry Sowing and Mutual Cooperation. In the villages where these activities have been initiated, they have been received with interest, however a lot more effort and working with the communities will be needed before taking them to a wider audience.
- vii. **Policy Advocacy and Building Public Opinion:** AF-EC has been proactively building public opinion and garnering support for rain-fed agriculture both at the local and national level. This is done by forging issue based alliances and working together with other NGOs, CSOs, CBOs, media, social activists, human rights activists, intellectuals, writers, cultural artists, government agencies, policy makers, following multi-stakeholder involvement. Their concerted efforts at public opinion building and policy advocacy have resulted in the inclusion of drought mitigation measures as a focus activity of the MGNRES. The concept paper on “Combating Drought & Desertification and Mitigating Agricultural Crisis and Farmers Distress in Anantapur District” by the Director of AF-EC has been circulated among, and is referenced by the policy makers in the state. AF-EC has, in collaboration with the Agriculture Research Station and the Krishi Vigyan Kendra, Ananthapur, developed technologies for timely planting and protective irrigation, two crucial parameters that affect yield in drought affected villages. These technologies have been received favorably by farmers of the region, and the District Administration is also taking a keen interest in the activities. AF-EC is also working on the issue of crop insurance and input subsidies for SA.

Concluding Remarks on Program: This project is the first of its kind attempting to educate and support farmers in combating chronic drought and water stress. The project has been implemented under extremely challenging conditions of drought, farmer dissatisfaction, gender and social inequalities and a 'not-so-conducive' policy framework/environment. It is indeed remarkable that the project has been able to achieve much of the project outputs under these formidable conditions. The success can be attributed to: Well-designed project concept; The commitment of the AF-EC team; Strong collaborations and strong working partnerships with stakeholders; Appropriate Project management strategies. The AF-EC program has been successful in creating awareness among farmers of the region about the damaging and deleterious effects of HEIDA and the need to move towards LEISA practices. During the evaluation it became clear that there is a distinct increase in the number of farmers incorporating LEISA practices, however, practicing SA farmers have not been able to bring more land under SA practices or management for the following reasons - Poor rainfall, inability to carry out tillage operations at the right time, non-availability of seeds, fear of poor/failed monsoon, lack of financial resources to carry out the activity due to successive crop failures/poor yields. Farmers who have adopted SA practices spend less on chemical inputs; this alone reduces the cost of cultivation by about 35-40%. The shift from monocultures of groundnut to mixed cropping of pulses, millets and vegetables has improved the food and nutritional security of the households. The empowerment of women is clearly evident in the CBOs as they take on key leadership roles at all levels. The LCF project has been successfully grounded in the region and all targeted 1500 farmers covering an area of 1500 acres have been registered to gain access to the Carbon Credits Market. The Rural Livelihoods program has been, till August 2014, able to achieve 37.4 % of the targeted 3200.

In summary, the context of the project is highly relevant in the present socio-economic and environmental scenario. The project has achieved high level of effectiveness and the impact of the program is impressive. The sustainability component is inbuilt in the design of the program.

In the next phase of the program, AF-EC could focus more on: Further Intensifying the efforts at mutual cooperation and sharing among the members; Capacity building and leadership training at all levels in the CBOs and specially at the SMG and GSMS level; Encourage the involvement of CBOs in planning village specific development plans; Improve the content of the training programs to include quality management in all activities - from land preparation to post harvest activities; Diversify activities to include livestock /poultry rearing as project components; Strengthening the existing cooperatives and encourage the formation of new ones; Expand the scope of employment of the trained youth.

B. Finance

- i. Financial Management Systems:** AF has a robust financial management system. Its books and records are adequate. There is a financial manual which gives the delegation of financial and non-financial powers exhaustively; Villagewise quantitative targets are fixed following equity policy of AF with category wise like SC, ST, BC, women etc. breakup of beneficiaries. Further areawise targets are also available; The accounting software does not have provision for calculation and charge of depreciation. It calculates depreciation for entries which are reversed resulting in an incorrect figure. Further the software does not allow debits to multiple heads of account for other than cash.

- ii. **Budgeting And Planning:** Budgeting is done at the project level and the PME cell takes a lead in its preparation. PME system is at central, area, mandal, cluster and village levels; The three year budget is broken down yearly and surplus/deficits are carried over from one half year to the other; AF has prepared a report on the financial status of the projects as on 14 July 2014. Local projects like IWMP (- 22.95 lakhs) and NABARD (- 9.07 lakhs) show deficits.
- iii. **Internal Control System:** AF has an effective internal control system in the key areas of cash and bank management, advances, assets and procurement. Bank accounts are always operated jointly both at head office and field office. There is a purchase committee which follows a set procedure and recommends for acquisition of materials & capital items and the purchases made on director's approval. Checks and balances are in place adequately. A quarterly internal audit by a Qualified Chartered Accountant with an action taken report is essential. Financial manual should be amended to cover more areas.
- iv. **Financial Transparency:** AF is transparent in its decisions, operations and transactions with respect to financial transactions.
- v. **Cash And Bank Management:** The Cash Holding Limit Of Rs.300000/- Is Very High. Bank Accounts In Head Office Are Operated By Director and a trustee jointly. All bank accounts were jointly operated. Cash holding limit is to be reduced. Cash payments should be an exception and cheque payments the rule.
- vi. **Advance Management:** Advance payments are made towards travel, programme and salary. Advance monitoring is the responsibility of the finance manager. Advances to other programmes (31 March 2013) include Rs.25.14 lakhs (AF staff benefits) and Rs. 2 lakhs (training centre). If these are intra-project accounts they should not be appearing in the consolidated balance sheet as the advances will cancel out against the corresponding liability
- vii. **Approval And Delegation Processes:** Approval and delegation of financial and non-financial powers are provided for in the financial manual. Delegation is based on the hierarchical level of the person concerned and the function performed.
- viii. **Procurement Policies:** Procurement is done by a committee consisting of four members. The procurement procedures are as laid down in policy and followed accordingly. Each procurement transaction is backed by appropriate documentation.
- ix. **Investment Policies:** Investments are in the form of bank deposits only. Separate file is to be maintained for all the decisions and minutes of the investment committee which should consist of director, a trustee and accounts manager as per the finance manual.
- x. **Management Of Own Means Of Contribution Raised By Partner:** Beneficiary contributions from beneficiaries of nursery, kitchen garden, driving school and on lead fund, horsegram, cows and jowar seeds for the various years. AF has received some lead fund contribution from livelihood beneficiaries in the current phase also which is included in the beneficiary contribution
- xi. **Management Of Field Level Accounting:** There are four field offices with each maintaining a sub account for FCRA purposes. Books of account are manually maintained. Accounts are to be computerised and linked to HO. Stock register (computerised) with opening/closing stocks, receipt and issues with signatures

of receivers is essential. Daily cash balance is to be tracked through a register with record of cash on physical count duly authenticated by ATL.

- xii. Expenses Relating To Administration:** Percentage of administration expenses to total expenditure (without depreciation) has increased from 17% (31 March 2012) to 24% (31 March 2013). Substantial fall in the programme expenses (Rs.3.99 crores in 31 March 2012 to Rs.2.60 crores in 31 March 2013) is a reason.
- xiii. Review Management Of Fixed Assets:** A record of fixed assets is maintained in Excel format – asset category and yearwise. It shows the opening balance, addition, disposal and closing balance. Assets belonging to RDT being used by AF (AF's parent organisation) are also included in this list.
- xiv. Legal Compliances (Fcra, Income Tax Etc.):** Returns to be filed under FCRA and ITA have been filed in time. Investment has been made in Birla Sunlife Insurance Co. Ltd by transferring AF's group gratuity funds. Tax deducted at source (TDS) in the case of vehicle hire is now under section 194 I instead of section 194 C. This is done on the recommendation of an external consultant. TDS is generally remitted in time to government account. AF has substantial collections on various heads like catering, training hall, accommodation, mess, driving school etc., Presently the impact of service tax and proviso to section 2 (15) of Income Tax Act have not been examined. Separate designated bank account and sub accounts are maintained as per FCRA.
- xv. Compliances Of Eed/Bread For The World Requirements:** Delay in submission of reports to donors is noted in some cases. Adverse variance is noted in many budget heads in financial year 2012-13. Considering that the project period is from 1 April 2012 to 31 March 2015 we have tabulated significant cumulative variances (1 April 2012 to 31 March 2014) based on audited statements. AF gets an audited standalone receipts and payments account with respect to government grants. This statement incorporates the funds released directly by the government to village level CBOs to meet watershed programme expenses.

C. Organizational Governance and Management

- i. Functioning of the Board:** The organization is registered as a Trust under the Indian Trust Act. As its supreme governing body, it has a Board of Trustees (BoT). The BoT has five members with wide and issue specific experience. It is good to note that an Executive Committee, mostly the second line leaders/ staff of Accion Fraterna, are in the know of all functional aspects of Accion Fraterna and are therefore have a good presence in this policy making and strategic planning and thinking body. The BoT meetings are organized with advance notice and information on agenda items to be covered. The organizational set-up and governance systems are adequate and effective for the management and supervision of the organization and for decision-making, which is participatory in nature. There is no apparent conflict of interest in the governance and management of the organization.
- ii. Management Systems And Practices:** The most important mechanism for communication and coordination are the monthly all staff meetings and the monthly core team meetings. The roles and functions of different levels of staff as well as of various bodies and mechanisms are quite clear. The organization has a core team constituted of department heads and also several other senior staff in the central office. The Core team works as the management team of the organization and plays an active role in taking many decisions and also in developing various mechanisms (such as for performance appraisal),

systems and policies. The organization has developed its systems, processes for Organization management, HRD as well as PME so that shows that the organization learns and improves. These have been results of internal reflection and outside capacity building support. The organization's structures as well as the culture are flexible to allow changes in strategies and priorities. The organization has a strong value system and has also taken some tough stands to clean up their organization taking out a substantial number of staff who had taints of corruption.

- iii. **Planning Monitoring Evaluation:** PME and reporting system is quite well organized and involves all staff besides a dedicated PME department. A new system of monitoring at village level has been recently started. A study of the planning / proposal document reveals that the articulation of change statements at Outcome and output level are quite clear.
- iv. **Human Resource Development:** The staff is recruited by following a thorough process combining written tests, group tasks and oral interviews. All staffs are provided with employment letter and annual contracts. The new staffs are provided with orientation and induction training combining classroom and field sessions. The new staffs are initially placed with more senior staffs for their on-field grooming. On-going training needs assessment is done and need based training inputs are provided. The trainings are done both by in-house and outside resource persons. Need based exposure visits are also organized within and outside AF for knowledge and perspective building. As has been mentioned in the sections on coordination, the staff meetings are very regularly organized.
- v. **Institutional Sustainability:** While the project partner does not have a written down financial sustainability plan, the organization is very much aware of the financial and funding situation and is constantly thinking in a strategic manner of augmenting the resources of the organization. In the last few years, the organization has had successes in mobilizing resources other than the conventional International NGO funds, such as government funds, Clean development mechanism and Fair Climate Network.

Areas For Improvement And Recommendations

The Trust deed stipulates to hold one meeting of BoT every quarter. But the actual number of meetings held are only 2 in 2011-12, 3 in 2012-13 and 2 in 2013-14. The number of women in the BoT is only 1 out total of 5, which is too less. The minutes are maintained in typed sheets but not in a register with pages numbered, which is necessary to prevent any tampering with the minutes. It is recommended to ensure adherence to the clauses in the Trust deed and holding at least four meetings in year, once every quarter. It is also recommended that the minutes should be maintained in a register with numbered pages, and all the pages should be signed by the Chairperson and by the secretary. More women should be brought on the board, making the gender ratio more equal.

The administration and finance department should present a compliance report, reporting on all of the statutory compliances. The Director should present an Action Taken report in relation to all the resolutions made in the previous meeting. The notice letter including the agenda should also mention that an Action taken report and the minutes of previous meeting are attached for the members' perusal. As per the Trust deed, the minimum number of members is 4. The current number is 5. This number of trustees can be increased to at least 7 or 9. In the process, AF can bring on the board people with requisite experience on Organization Development, Program, HRD, Finance etc. These people could also be from outside of RDT to bring in a wider experience and expertise. The increasing of numbers could also be used as an opportunity to bring more women on the Board. Role and participation of women in Governing Body/Board/senior management is an area of concern.

There are very few women in Governing board and in top management. The representation of women in the board can be increased by increasing the strength of the board and by ensuring that all new members

are women. The women number in senior management should also be increased by filling the vacancies by bringing in women staff on a priority basis.

The organization has a conflict of interest policy. The policy has 10 clauses of what constitutes conflict of interests. But there are no provisions on how to prevent conflict of interest and the punitive action to be taken if willful suppression of information pertaining to conflict of interest is noticed. It is recommended that AF develops a comprehensive policy on preventing conflict of interest. This policy should be approved by the BoT and should be fully shared with all staff.

It is recommended that AF makes it a standard procedure to carry out a once in 3 years Strategic planning exercise to coincide with the Project preparation for BftW. It must be noted that there was a strategic planning exercise in 2008 facilitated by Mr. Ajit Mani. There is also an internal exercise of Strategic plan in 2012-15 but that is a rather brief document with only strategic objectives and strategic priorities. This strategic planning exercise should be preceded with a strategic review covering aspects of Organization development, Governance, Organization structure, Management, PME and HRD and situational analysis covering the field situation and the larger context. Then the strategic plan too should focus not only on programs but also on all the above mentioned aspects. This strategic review and strategic planning will make sure that the systems of learning and improvement are Institutionalized.

The practice of micro planning at the community level may be introduced. The micro plan will be a plan developed by the community with AF staff playing a facilitative role. These plans will make the process to be "community owned". The CBO should also monitor its own plans so as to take total ownership. On the PME aspects, the accuracy of the reports and the analysis and decision-making needs to be improved. The details are in the main report.

It is recommended that the performance appraisal should be made mandatory for all staff, regardless of designation/seniority. And for middle and senior staff, the system may include not only self-assessment and assessment by senior but also assessment by peers and by the juniors, thus making it a 360 degrees appraisal system. AF may develop a formal document called as the HRD manual or Employees' Entitlements and rules, get it approved from the Board and then share it with all employees. It should also be made sure that there is evidence that all staff have read and accepted these policies and norms.

One of the suggestions is to look into the organogram and have one person, possibly the person in-charge of Sustainable agriculture to lead the team of ATs, AEOs and the STOs. And the task of approving their leaves, advances and other administrative responsibilities may be delegated to this position, thus freeing the Director from these tasks and allowing time for more strategic functions.

Further, as time goes by, AF should think of new departments such as HRD / training unit, fund raising etc. As mentioned earlier, the organization does not have a formal written down strategic plan and yet AF is a strategically thinking organization with capable and visionary leadership and the organization is working on a wide variety of Organizational development issues.

About the Organization and Project

Accion Fraternal - Ecology Centre (AF-EC) was established in 1982 as the Ecology wing of the Rural Development Trust (RDT), Anantapur. In 2000, AF-EC became an independent and autonomous organization working on Watershed Development programs.

The vision of AF – EC is of “All people in rural areas leading a respectable and decent life with economic security, social equity, gender equity and human dignity, in an atmosphere of democracy, peace, cooperation and community support...and all people and Institutions live as eternal trustees of Mother Earth and follow a culture of ‘simple living’ and ethics of conservation. Thus people and nature live in harmony with each other showing due care for sustainable ecology, environment and bio-diversity.

A conscious shift in focus towards Sustainable Agriculture (SA) happened in 2007 and since then, this has continued to be the major work of the organization. The SA program of AF-EC is supported by ICCO and the EED. AF-EC continues to work, although only to a smaller extent, on watershed programs with support from the National Bank for Agriculture and Rural Development (NABARD) and the Integrated Watershed Management Program (IWMP) of the Department of Land Resources, Ministry of Rural Development, Government of India.

Anantapur is one among the perpetually water stressed and water starved districts in the country receiving just about 550mm of average annual rainfall. Generally much of this rain comes down in a few rainfall episodes followed by extended periods of water stress. It is therefore vital that farmers adopt strategies and cropping systems that can withstand such vagaries of rainfall and weather. Further, unsustainable and high external input based system of agriculture has caused extensive ecosystem degradation. These two factors have contributed a great deal to the agrarian crisis in the region.

Continuous failure of the monsoon has resulted in poor agricultural production and deep distress among the farmers of this region. Farmers are unable to meet even their basic survival needs from agriculture, and are therefore forced to abandon agriculture and move to nearby towns and cities in search of alternate employment. However, being unskilled, they are over exploited and under-paid for their work. The AF-EC program on Sustainable Agriculture and Diversified Rural livelihoods, attempts to address these issues of water stress, poor agricultural productivity and alternate livelihoods.

AF-EC is emerging as Knowledge Resource Organization that aims at long-term and sustainable solutions to the chronic problem of drought and farmers’ distress. Their programs are designed, not to provide ‘stop-gap’ solutions to problems, but provide long-term viable alternatives and solutions to existing /worsening scenarios. This is ‘one of a kind’ attempt at changing well entrenched notions, perceptions and beliefs about rain-fed agriculture and its associated problems; and ‘one of a kind’ attempt at developing suitable/ probable solutions to them. AF-EC has taken on the challenge of this formidable and arduous task even though there are no readymade road maps or processes that can be followed. The entire work of AF-EC therefore, calls for and relies on learning by doing. The various activities that have been undertaken in this attempt at finding solutions to the agrarian crisis in Anantapur are being assessed as part of this evaluation.

AF-EC works across 8 mandals of Anantapur district, for ease of work two mandals have been grouped together to constitute an Area. Details are given in Table 1.

Table 1 – List of Area, Mandal and Number of Villages		
Area	Mandal	Number of villages
Dharmavaram	Dharmavaram	52
	Raptadu	
Kalyandurg	Kalyandurg	51
	Beluguppa	
Kuderu	Kuderu	42
	Atmakur	
Kundurpi	Kundurpi	60
	Settur	
NABARD and IWMP Watershed Villages		25
TOTAL		230

Objectives of the Program:

The 3 specific Objectives of the program as specified by AF-EC are:

1. To reduce the cost of cultivation and mitigate drought (by diversified cropping) in 11200 ha of land belonging to 5600 farmer families through SA practices by 2015.
2. 1500 famers introduce Low Carbon Farming in their 1500 acres of land (607 ha of land) in order to gain access to the Indian CO² market by 2015.
3. The livelihood of approximately 3200 women and youth from the target families is diversified through alternate off farm/ nonfarm livelihoods by 2015.

Objective and Methodology of the Evaluation

The evaluation was conducted by a three member team, each with a specific aspect. Shylaja evaluated the Program, M.S. Kamath evaluated the financial management and Khilesh Chaturvedi evaluated the Organizational governance and management.

The *main objectives of this evaluation* are to assess:

- Importance and relevance of the program
- Capacities, systems, strategies & practices of SA
- Structure of CBOs and farmer participation
- Farmers learning on SA
- Alternate livelihoods program
- Gender and social equity
- Policy advocacy and public opinion
- Organizational learning & development & new initiatives
- Organizational structure, systems, processes, including financial management in terms of its efficiency, transparency, accountability

A. Methodology

Participatory methodology for the evaluation, and at the same time, total objectivity was maintained. To begin with, the proposal was finalized in consultation with Accion Fraterna. The process of evaluation was conducted in a participatory manner, engaging the Accion Fraterna team in dialogue and discussions and understanding their perspective and challenges. The evaluators were also engaged with different levels of employees in the organization and selected members of the board to gain insights and to be able to make independent assessment findings.

The independent findings of the evaluators were presented in a debriefing meeting to the team for consideration and acceptance. Discussions were held to arrive at common consensus. The draft report was first sent to Accion Fraterna for comments and after receipt of the comments, the final report is being sent both to Accion Fraterna and to BftW.

It was during the preparatory meeting organized between the three independent evaluators and the AF-EC team, on July 19, 2014, that the schedule, time line and other details were agreed upon.

Following methods were used for the evaluation

- A desk review of the organizational and project documents and reports
- Interviews with members of the board of trustees and senior management staff
- Interactions and discussions with project staff
- Field visits and Interviews /group discussions with target farmers and CBO leaders
- Participation in FFS ASMS meeting and a demonstration to the District Collector and other Government Heads of Departments about the “Protective irrigation” to rain fed groundnut, tree crops and aqua planter.

B. Sampling & Universe

For the program, it was decided that 11 villages will be selected from among the 230 villages that AF-EC works with for the purpose of this evaluation. First, a Stratified sampling was done by grouping the 230 villages into the following four categories – Good, Average, Below Average and Inactive – by the AF-EC team based on the following criteria:

- Level of functioning of Grama Sasya Mitra Samakhyas (GSMS)
- Number of farmer families practicing at least 3 SA Practices
- Extent of Crop Diversification
- Farmer families attaining Food and Nutritional Security

This was followed by Systematic sampling – 3 villages each from the ‘Good’ and ‘Below Average’; 4 from ‘Average’ and 1 ‘Inactive’ village were chosen for the field visits and direct interaction with the farmers and CBOs. The List of Selected Villages is given in Table 2.

Table 2 – List of Selected Villages			
S/No.	Category of village	Area	Name of Village
1	Good	Dharmavaram/Raptadu	Aakuthotapalli
2	Good	Kuderu/Atmakur	Cholasamudram
3	Good	Kundurpi/Settur	Mayadarlapalli
4	Average	Dharmavaram/Raptadu	Muchurami
5	Average	Kalyandurg/Beluguppa	Brahmanapalli
6	Average	Kuderu/Atmakur	Siddaramapuram
7	Average	Kundurpi/Settur	Rudrampalli
8	Below Average	Dharmavaram/Raptadu	Bilvampalli
9	Below Average	Kalyandurg/Beluguppa	Narasapuram
10	Below Average	Kuderu/Atmakur	V.E.Thanda
11	Inactive	Kalyandurg/Beluguppa	Varli

In addition to these 11 villages where the program activities were assessed, 12 villages where special programs have been initiated were visited to understand the relevance, outputs, outcomes and impact of the program.

The approach to the evaluation included:

As much as possible, the evaluation has been undertaken in a participatory approach, to build consensus on achievements, shortcomings and lessons learnt. During interviews with farmers, and discussions with project staff, every opportunity was taken to encourage, challenge and acknowledge their work in an open and objective manner. The evaluation tested the progress and achievements of the project against the 5 DAC Criteria – Relevance, Effectiveness, Efficiency, Impact and Sustainability.

Evaluation Findings & Recommendations

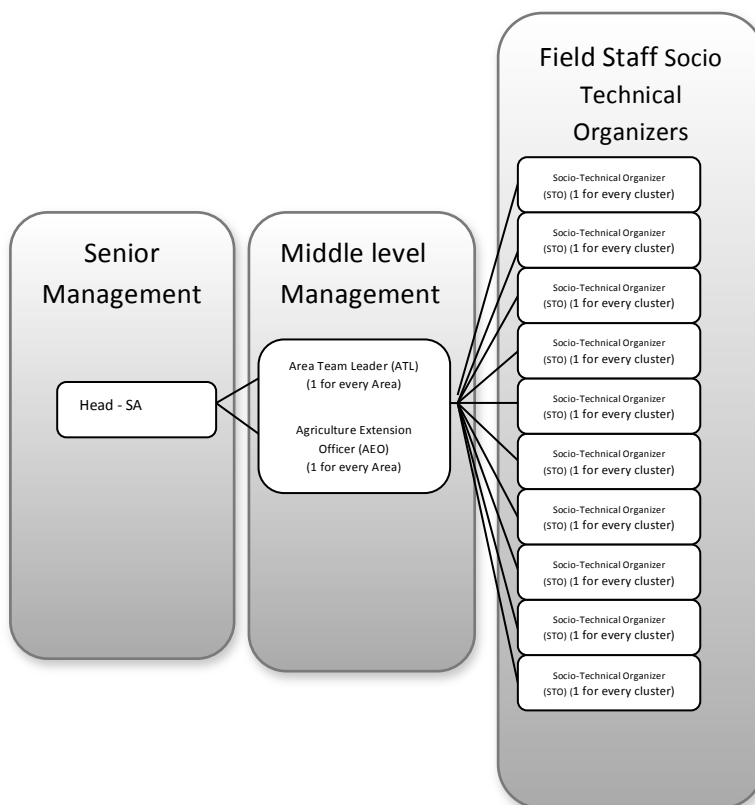
4. Program

4.1. Project Activities:

Organizational structure: There are two distinct units for project implementation and project monitoring. The project implementation unit has a Project Head – SA, who is assisted by the Area Team leader (ATL) and the Agriculture Extension Officer (AEO). There are four ATLs and four AEOs in the project team. The project contact at the field level is the Socio-Technical Organizer (STO) who has the responsibility of about 5-6 villages that form a Cluster. The STOs live in the village and constantly interact with the farmers and CBOs and play a crucial role in the implementation and monitoring of all the project activities.

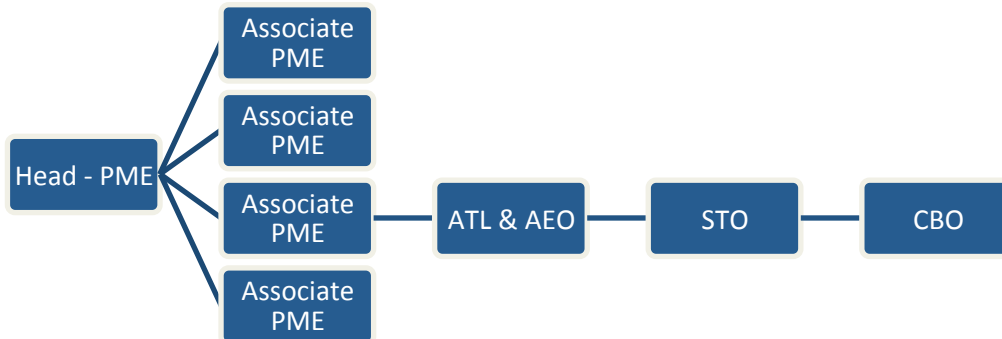
4.2. Organizational Structure at the Project Implementation Unit – SA:

Figure 1: Organizational Structure at Project Implementation Unit- SA



4.3. Organizational Structure of Project Monitoring Team: The Project Monitoring Unit has a Head – PME who is supported by Associates – PME. The four Associate - PME are in turn supported by the ATLs and AEOs who are involved in and responsible for the monitoring and evaluation of the programs and the STOs in their respective areas. The STOs monitor and evaluate the implementation and progress of the activities of the CBOs

Figure 2: Organizational Structure- PME



This division of project implementation and project monitoring/evaluation into two distinct units has led to greater accountability, transparency and participation at the field level. Monthly meetings are organized for all staff members where staff members discuss the progress as well as setbacks in project implementation. Weekly and monthly reports are submitted by all staff members.

4.4. Formation and Structure of CBOs: AF-EC works with 100 farming families in every village, in case of villagers with less than 100 farming families, the entire village is included in the target group. The farming families are organized into four SMGs with 25 members each. The four SMGs are distinct and consists of members belonging to a specific category

- Rain-fed SC farmers
- Rain-fed OBC farmers
- Landless labor
- Irrigated small farmers

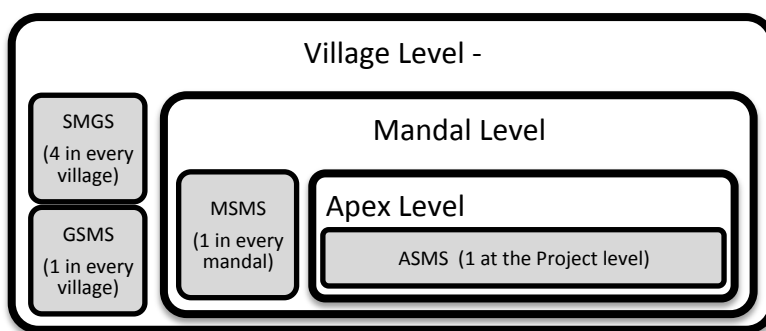
As far as possible each SMG consists of 13 women members and 12 male members. Each SMG has a Convener and a Co-convener who are responsible for the effective running of the SMG. As a policy, the post of Convener is reserved for women. This is to encourage equal participation of women in group activities and decisions. The Convener and Co-convener are chosen by the members of the SMG. AF-EC only plays a facilitators role in the selection of the leaders. At the village level the conveners and co-conveners of the 4 SMGs are federated into the GSMS. It is the responsibility of the GSMS to ensure that the programs initiated in the villages are implemented and regularly monitored. The SMGs and GSMS meet once a month to discuss the progress of activities as well as plan the activities for the forthcoming month. The GSMS and SMG members are involved in the selection of farmers for the demonstration plots, are responsible for ensuring participation of its members in all the programs and initiatives of AF-EC, the proper maintenance of the village assets, recovery of loans and payment of membership fees

All members are expected to attend the SMG and GSMS monthly meetings and the minutes of the meetings are recorded in the SMG Record Book and GSMS Record Book. In addition, the following records are maintained at the GSMS level – Activity Register, FFS Record, GSMS Bank Pass book, M-Book, Seed

Bank Passbook, Cash Book, Livelihood Record and Visitors Record. Farm diaries of the individual farmers are also maintained at the GSMS level.

At the Mandal level, conveners and co-conveners from the GSMS (between 40-60 members depending on the number of villages in the mandal) are federated into the PASSIONATE SA MSMS. At the Apex level, in addition to 5 members from each mandal there are 5 members from the watershed committee and 5 passionate SA farmers co-opted as members who constitute the ASMS. This de-centralized, 3 tier structure of the CBOs promotes participation, encourages two-way flow of information, ensures sufficient reach to target communities and allows for efficient monitoring of activities. Figure 1 gives the Structure of the CBOs.

Figure 3: Structure of CBO



The evaluation found that in villages that have robust and strong CBOs, member participation in meetings and training programs is high, resulting in better implementation and monitoring of programs. In villages that have been classified as “Below Average’ and ‘Inactive’ the capacities and leadership skills of the CBO members need to be strengthened. In some of the villages, expectations from the project were beyond the scope or objective of the project resulting in poor participation and a general dullness in the project.

Member participation in the SMG meetings needs to improve in the villages. Farm diaries must be updated regularly as this provides valuable information on the agricultural practices and keeps track of the cost–returns from the demonstrations plots. The GSMS Pass books are updated and almost 98% percent of the loans have been repaid. The documentation of activities at the GSMS level is good and this needs to be continued.

4.5. Campaigns, Training Programs and Demonstration Plots: AF-EC carries out the entire project activities through these three modes. While the campaigns focus and cater to a larger audience constituting the entire village/mandal/area, the training programs and demonstration plots are more focused and only involve the farming families who are targeted through the program. Leadership Training and Capacity Building of the CBO members are crucial for effective implementation and monitoring of the field level activities and to achieve the desired outcomes. They are therefore an integral part of the project planning and are carried out at specified intervals.

The project objective of introducing SA practices among its targeted families requires the transfer of knowledge and skills related to SA. The project staff (AEOs and STOs), are trained every month on FFS

techniques and SA practices. The trainings are conducted by subject matter specialists and resource persons from both within the organization and external consultants. About 60 such trainings have been conducted from April 2012 to August 2014. The trainings focused on Non-Pesticidal Management (NPM), Integrated Pest Management (IPM), Crop management practices, cropping diversity, dryland technologies, composting techniques, preparation of botanical pesticide and cultivation of millets. The training of farmers is done through FFS meetings that are facilitated and conducted by the trained STOs and AEOs during the cropping cycle.

The content of the training programs must be broadened to include quality crop management right from land preparation, seed selection, planting schedule and planting techniques, crop management, harvest and post harvest activities. Depending entirely on the FFS mode of training for farmers needs to be examined further, and other methods of imparting training must be explored.

Demonstration plots are established in every project village with a selected number of farmers. The selection of farmers is done by the respective SMG and GSMS and it is the combined responsibility of the SMG and the GSMS to ensure that the demonstration plots are well maintained and the activities well documented in the village level records. The predominant crop grown in the area is groundnut and farmers continue to cultivate this crop in spite of repeated crop failures as they are not aware of alternate cropping systems and patterns or are afraid to experiment with new cropping systems. The demonstration plots focus on alternate and diversified cropping patterns (a mixture of pulse, millets and vegetables) suited to the area, using crops that can withstand stress, provide food for consumption and fodder for animals. These demonstration plots serve a triple purpose - they a) educate farmers about viable alternate crop combinations under rain-fed and irrigated conditions, b) provision for food and nutrition and c) introduce concepts of SA.

Table 3 – Details of Demonstration plots of villages visited

Village	Mandal	Plots sown			Successful plots		
		2012	2013	2014	2012	2013	2014
Siddaramapuram	Atmakur	13	-	-	13	-	-
Madigubba	Atmakur	15	4	6	14	1	-
V E Thanda	Atmakur	1	4	3	1	2	-
Cholasamudram	Kuderu	12	11	36	12	5	-
Korrakodu	Kuderu	11	18	-	11	0	-
Ipperu	Kuderu	15	21	18	15	10	-
Apilepalli	Kundurpi	30	30	50	30	30	20
Bommajipalli	Kundurpi	30	30	56	30	30	56
Cherlopalli	Kundurpi	15	25	61	9	14	33
Mayadarlapalli	Kundurpi	21	22	35	21	22	15
Rudrampalli	Kundurpi	30	30	50	23	25	26
Aakuthotapalli	Dharmavaram	13	27	-	13	24	-
Ayyavarapalli	Raptadu	17	30	11	17	25	-
Bilwampalli	Dharmavaram	12	16	-	12	16	-
Muchurami	Dharmavaram	16	30	2	16	24	-
Brahmanapalli	Beluguppa	-	30	48	-	22	-
Narsapuram	Beluguppa	-	30	28	-	19	-
Devadulakonda	Kalyandurg	17	16	49	17	10	39
Varli	Kalyandurg	-	13	-	-	10	-
Total		268	391	453	254	289	189

The project only provides seeds free of cost to farmers for the demonstration plots, all other cultivation expenses are borne by the farmer. In spite of this, there has been an increase in the number of farmers interested in establishing demonstration plots. From 2012 to 2014, the number of farmers has gone up by 185 in sample village.

About 94.7% of the demonstration plots were successful in 2012, while in 2013 it fell to 73.9% and in 2014 only 41% of the demonstration plots were successful. The decline in the number of successful plots is attributed to poor rainfall in 2013 and 2014. In several places in Dharmavaram and Atmakur, farmers could not sow seeds of any crops in 2014. The farm diaries of 31 demonstration plots and 25 chemical plots were compared to see if there was any difference in the income from the two different management practices. Though there were at least 4 different kinds of crops in the demonstration plots, only the main crop and the first intercrop were selected for the comparison. 23 of the 25 chemical plots were sown to Ground nut + Red gram combination. Of the 31 demonstration plots, 10 of them showed negative returns (about 32%) but of the 25 chemical plots 22 showed negative returns (about 88%). There has been a relative gain from 28 out of the 31 (90%) of demo plots examined.

Table 4 – Comparing Demo and Control Plot – Expenses, Income and Relative Gain

Name of farmer and cropping pattern	Demo Plot (1acre)			Control Plot (1 acre)			Relative gain from Demo
	Expense	Gross income	Net income	Expense	Gross income	Net income	
Atmakur							
Lakshmi Devi (C+R); (GN+R)	7225	6400	-825	10455	11000	545	-1370
Peddakka (C+R); (GN+R+J)	6200	7000	800	10315	9850	-465	1265
Peddakka (C+R); (GN+R+J)	11360	13500	2140	10760	9100	-1660	3800
Mutyalamma (GN+R);(GN+R)	5760	9200	3440	11405	13200	1795	1645
Marekka (GN+R);(GN+R)	6770	5800	-970	10670	11100	430	-1400
Kundurpi							
Lalamma (GN+R);(GN+R)	3660	2250	-1410	12350	8800	-3550	2140
Radhamma (K+R);(GN+R)	7340	3600	-3740	-	-	-	-
Mareppa (GN+R)	6650	8500	1850	-	-	--	
Parandhama (C+R)	2450	6200	3750	15400	9000	-6400	10150
Nagabhushanam (C+R);(GN+R)	7390	4200	-3190	-	-	-	-
Nagaraju (GN+R)	5350	7200	1850	-	-	-	-
Venkatesulu (GN+R)	5400	4300	-1100	15560	13525	-2035	935
Kalyandurg							
Ramanjinamma (K+R);(GN+R)	5550	7300	1750	-	-	0	1750
Parvathi (B+R)	12620	10000	-2620	14665	12200	-2465	-155
Thimma Reddy (GN+R);(GN+R)	6160	4700	-1460	10300	8000	-2300	840
T. Sanjamma (K+R);(GN+R)	4990	5200	210	10910	8000	-2910	3120
Nagalakshmi (B+R);(GN+R)	4790	5200	410	-	-	0	410

Marekka(K+R)	9410	10050	640	10760	9800	-960	1600
Lakshmi Devi (GN+R); (GN+R)	5230	2400	-2830	12820	9600	-3220	390
Ramulamma (GG+J);(GN+R)	3990	800	-3190	11180	7800	-3380	190
Priyanka (J+R);(GN+R)	4610	6550	1940	9720	7200	-2520	4460
Mallamma (K+R);(GN+R)	6010	8330	2320	10935	8095	-2840	5160
Dharmavaram							
Chintala Reddy (GG+J);(GN+R)	3940	9360	5420	10310	7170	-3140	8560
Kanthamma (C+R);GN+R)	3400	5100	1700	9277	6900	-2377	4077
Lakshmi (B+R); (GN+R)	3520	7020	3500	10260	8485	-1775	5275
Prathap Reddy (J+R); (J+R)	5230	7210	1980	8820	7235	-1585	3565
Aswartha Reddy (C+R); (GN+R)	11630	9040	-2590	11377	6473	-4903	2313
Ravindra (GN+R); (GN+R)	4080	5800	1720	11577	8143	-3433	5153
Papanna (J+R);(GN+R)	8035	10010	1975	9400	6595	-2805	4780
Rama Swamy (C+R);(C+R)	6295	7310	1015	10840	7977	-2863	3878
Maalikhajuna (K+R);(GN+R)	5200	6340	1140	9775	7480	-2295	3435
Narasimhulu (GG+J);(GN+R)	3430	5960	2530	11077	8540	-2537	5067
Venkatramudu (B+R);(GN+R)	6015	8000	1985	9728	7055	-2673	4658
Prakash (GG+J);(GN+R)	7810	9260	1450	8684	6112	-2572	4022
Anjinamma (C+R); (GN+R)	5045	6740	1695	10048	7235	-2813	4508
Harnatha Reddy (K+R); (GN+R)	6200	7000	800	10315	9850	-465	1265

GN – Ground nut; C – Castor; K – Korra; J – Jowar; R – Red gram; GG – Green gram; B – Bajra

The above data gives a clear indication that the cost of production using SA technologies and practices is definitely much lesser than chemical agriculture. It also gives an indication of the cropping type that is more suited to the area. A mixture of crops including pulses, cereals minimizes the risk of crop loss.

Details of the various campaigns, training programs and demonstrations that have been carried out throughout this project phase are given in the table below.

Table 5 – Campaigns, Trainings and Demonstration Plots (April 2012- August 2014) Targets & Achievements								
Activity	Physical Target	Physical Achievement	% achievement	Total participation	Participation by women	% women participation	Participation by SC/ST	% of SC/ST
Campaigns on SA	1065	800	75.1	43689	23043	52.7	12126	27.7
Cluster Level Trainings	176	145	82.3	3946	1976	50.0	1251	31.7
SMG Meetings	22168	12760	57.5	134948	50496	37.4	36785	27.2
GSMS Meetings	10140	8169	80.5	16692	8048	48.2	5004	29.9
MSMS Meetings	288	222	77.0	4461	1985	44.4	1081	24.2
FFS Conducted	11651	5443	46.7	13062	9289	71.1	5117	39.1
Field Demo Plots	31220	26636	85.3	-	-	-	-	-

Details of SMG, GSMS and MSMS meetings are for 2013-14 and 2014-15 only.

In most of the cases the project has been able to achieve about 75% of the set targets. The two areas that need greater attention are SMG meetings and FFS. The low level of achievement of FFS target is mainly a result of no crop being cultivated this year due to the persistent drought like conditions. SMG meetings must be conducted and the meetings must be closely monitored to ensure participation by all members.

Gender and social equity are given adequate priority. The project has been successful in addressing gender and social concerns. About 25% of the program focuses on the SC/ST community. In almost all activities there has been about 45-50% participation by women; while in the FFS program, the participation of women has reached 71%.

The project has identified the following five SA practices – Diversified cropping, Use of pest traps, Use of botanicals for pest control, use of organic inputs for crop production and practice of SRI in paddy as being capable of reducing the cost of agricultural production. Farmers following at least 3 of these 5 practices are considered to have switched to SA. The project objective is to have at least 35% of its 16000 farmers practice SA in 11200 ha of land by 2015. Table 6 gives the increase in farmers following SA practices

Table 6 – Farmers following SA practices						
Year	Total enrolled farmers	Farmers following 3 to 5 SA practices	% of SA farmers	Total land holding of enrolled farmers	Land under SA practices	% of SA land
2012-13	16000	2880	18%	11200 ha	1506 ha	13.4%
2013-14	16000	3320	20.7%	11200 ha	1820 ha	16.2%

The number of farmers following 3 to 5 SA practices has been gradually increasing. However, to meet the target of 35%, the project will have to continuously monitor and support farmers interested in shifting to SA practices.

4.6. Low Carbon Farming: AF-EC works with small and marginal farmers who are shifting to SA practices as a coping strategy against changing weather patterns and a degrading environment. As part of the SA practices they plant a diversity of crops, reduce the use of chemical inputs, practice crop rotations, and make judicious use of water. All of these technologies help to reduce green house gas emissions and have the potential to earn carbon credits. AF-EC is a partner of the FCN-LCF Coalition, and 1500 farmers have registered 1500 acres under the LCF program. A database of the farmers is being maintained and all activities in the registered plots are being documented.

Protocols for calculating emissions from chemical farms and SA farms are being developed for two of the major crops grown in the region – paddy and ground nut. Reference plots for these two crops have been set up and a Package of Practices (PoP) developed for these two crops both under Mainstream Agriculture and SA. Air samples from the reference plots are collected at periodic intervals and analyzed for N₂O and CH₄ emissions. The emission levels from the two agricultural systems once standardized could be converted into carbon credits and farmers following the prescribed PoP would earn carbon credits which could be traded in the carbon markets. This is one way of incentivizing small and marginal farmers for using technologies that reduce GHG emissions. The level of documentation required for the registered farmers is high and very time consuming, so AF-EC reduced the number of farmers under the LCF program from 15000 farmers and 12000ha to 1500 farmers and 1500 acres. In this phase of the program the targeted 1500 farmers have been registered and all necessary formalities completed for their inclusion in the Indian Carbon Market.

4.7. Alternate Livelihoods: This program of AF-EC targets the youth of the region who voluntarily discontinued education or were forced to discontinue due to circumstances beyond their control. With agriculture becoming more of a gamble in the region, identifying and supporting alternate livelihood options has become imperative to sustain the families in the rural area. Two driving schools one in Anantapur and another in Kalyandurg have been established by AF which imparts training for both Light Motor Vehicle

(LMV) and Heavy Motor Vehicle (HMTV). The driving course for LMV is of 70 days duration and for HMTV is 45 days. In addition to driving skills the students are trained in personality development and Spoken English to equip and help them access a wider range of employment opportunities. The students are also taught the mechanics of all the vehicle parts and basic repair and vehicle maintenance. On successful completion of the course, the students are given a certificate of achievement and the driving license and their contact details are maintained in a register. The driving school supports its students to find gainful employment by linking them with institutions/organization whenever there is a request for trained drivers. Some of the trained youth are also self-employed. Imparting driving skills is only one of the focus areas of the driving school; it has a larger vision of creating a community of young skilled adults who are disciplined, professional and responsible citizens and who are compassionate, responsive and sensitive to the fellow human beings, the environment and society.

Table 7 – Enrolment in the AF Driving School									
Institution	Year	SC	ST	BC	Others	Total Trained	Total Employed	Self Employed	% Employed
AF Driving School, Ananthapur (LMV)	2012-13	51	4	18	12	85	36	3	45.8
	2013-14	40	2	14	7	63	34	1	55.5
	2014	20	2	6	-	28	-	-	-
AF Driving School, Kalyandurg (LMV)	2012-13	48	3	19	-	70	45	8	75.7
	2013-14	36	2	22	6	66	30	10	60.6
	2014	19	2	15	-	36	-	-	-
AF Driving School, Ananthapur (HMTV)	2012-13	8	2	8	2	20	9	3	60.0
	2013-14	3	1	8	5	17	10	2	70.5
	2014	4	2	2	2	10	-	-	-
Total		229	20	112	34	395	164	27	48.35

From the start of this phase of the project (2012-2015), a total of 395 youth have been trained in the AF Driving schools and of them 164 of them have gained employment and 27 of them are self-employed. About 63% of the trained youth belong to the SC/ST community keeping in line with the organization policy of working with the marginalized section of society and improving the livelihood security through diversified livelihoods.

Garment making has been introduced as an alternate livelihood strategy for young women in the villages that AF is working in. The garment making course is a comprehensive 4 month long course and the students are taught tailoring, dress designing, basic embroidery, and fabric painting. Students contribute Rs. 500 as course fee and a well trained instructor is hired specifically for the program. A convenient place in the village is identified to conduct the course. Sewing machines are provided by AF-EC for the duration of the course. Since the beginning of this phase (2012-2015) a total of 627 girls have been trained in garment making. Some of the trained girls have successfully set up business in the village catering to the tailoring needs of the community. Many of the trained students are not gainfully employed and are looking to AF-EC for support and guidance. One of the unintended outcomes of this project is the sense of pride and self worth that these young women gain as they learn an employable skill. Close interactions develop among the girls during the course, creating a space for them to share their thoughts/opinions/joys/problems/ sorrows as well as find collective solutions to existing problems - both personal and social. These classes are also used for discussing women's issues, gender concerns, women's reproductive health issues, family health and nutrition, small savings and SA.

4.8. *Special Innovations and Initiatives:* The special initiatives are experiments in identifying appropriate coping strategies in rain-fed areas to augment and support the main programs that are being implemented in the villages. One of the principal objectives of AF-EC is to increase farm income by reducing the cost of cultivation. Following SA practices is one way of reducing costs of agricultural production; AF is also exploring possibilities of Mutual cooperation and sharing among the villagers as a means to cut production costs.

For this activity, the 25 members of an SMG are further sub-divided into 5 groups of five members each based on affinity and common interests. A leader is identified from among them who takes the responsibility for the group and its activities. These five members are encouraged to exchange labor and equipments so that the need for physical transaction of money for agriculture operations is reduced. This strategy has been experimented in a few villages and farmers are beginning to experience the benefits of this intervention, they are able to cultivate their fields even if they don't have cash in hand for agricultural operations, community involvement and interactions improve and social support mechanisms evolve to meet the needs of the community. The strength and success of this activity is directly dependent on the strengths and the support that it receives from the CBOs.

The concept of Rain-fed Farmer Cooperatives (RFC) also functions on the idea of mutual cooperation and sharing. It goes a step further by introducing thrift/savings/lending among its members and promotes collective livelihood enterprises as part of its mandate. The cooperatives are to be eventually registered bodies under the APMACS Act. In the pilot phase 7 such Rain-fed cooperatives are being set up. Each RFC has about 25-30 members who have common interests and needs. The members of these cooperatives have undergone an orientation program and leaders of the RFCs have been trained in the byelaws and other management skills for effective functioning of the cooperatives. The RFC activity was initiated in November 2013 and since then they have made considerable progress.

Table 8 – RFC program						
S/No	Village Name	Name of Co-op	Social segment	Member strength	Total acentage	Savings as of June14, 2104
1	Vasanthapuram	Yogananda	SC	30	82	15200
2	Kurla[palli	Mutyalamma	BC	23	78	10017
3	Kalagalla	Kalagalla	ST	23	99	10220
4	Seegalapalli	Seegalapalli	SC	24	99	11910
5	Yerraborepalli	Marriswamy	Sc	25	124	3500
6	Konampalli	Vijayadurga	BC	24	127	10017
7	Devadulakonda	Devadulakonda	BC	25	95	10400
Total				174	704	71264

The purpose of this model is to explore if the rain-fed subsistence farming by small and marginal farmers can become more stable, sustainable and remunerative in a cooperative mode/structure. Agricultural operations including purchase of seed, inputs, labor, sharing/hiring of implements, harvesting and marketing would be done in a collective manner.

Members of the Devadulakonda RFC have identified rearing of ‘Ram Lambs’ as a collective income generation activity for the group. AF-EC has agreed to match the contribution of the members. The leaders of this group are being delegated responsibilities to initiate the activity. This is to ensure that they take collective responsibility and ownership for the progress and development of their cooperative.

In addition to promoting sustainable agriculture, AF-EC is also focusing on addressing the other distressing and grave reality of the region - acute water shortage. There is no denying that water availability is a major factor affecting agriculture production in rain-fed areas. Some of the special initiatives are aimed at addressing this issue – Timely sowing, protective irrigation, sprinkler and drip irrigation, ground water sharing, tree crops.

Rain-fed Tree crops: AF-EC has designed tree crop models based on the agro-climate of Ananthapur and trees suited for rain-fed conditions. It has been experimenting with 4 different rain-fed tree crop models as a coping strategy against drought and water stress. Tree crops are better adapted to cope with water stress. The saplings were provided irrigation at the time of planting to help them establish themselves.

The inclusion of trees in the agriculture system helps to drought proof the land; it provides fruit, fodder, fuel and biomass and cushions the farmer against seasonal crop loss. The Integrated Farming Systems (IFS) model includes annual crops, tree crops of fruit, fodder and biomass and a livestock component in one ha of land. The tree crops are planted in such a way that they do not interfere with the cultivation of annual crops. The tree crops include fruit, fodder and fuel and biomass trees. The Bio-intensive Farming System in Rain-fed Areas (BIFSRA) model primarily includes trees that produce copious biomass which is used to mulch the soil to protect it from the effect of wind, rain and sun. The biomass decomposes and adds to the soil organic matter which in turn improves the physical, chemical and biological properties of the soil. The Multiple Fruit Tree Cropping (MFTC) model includes the growing of a variety of fruit trees in about 1-1.5 acre along with biomass trees that are planted along the boundaries. Fruit trees suited to the area like mango, sapota, goose berry, custard apple are grown; once the fruit trees come to harvest there is year round availability of fruits. The Multiple Tree Crop models are designed for red soils and for wastelands separately, and it includes a variety of tree species including fruit, fodder, fuel, biomass and pesticidal value. The project has provided assistance to the farmers experimenting with these tree crop models both for pot watering and gap filling.

Drought Mitigation Technologies and Practices: AF-EC has either developed or identified technologies and practices with potential for drought mitigation. These technologies/methods are tried on a small scale with farmers and improvised to be practical and effective. The following are some of the innovative initiatives

Ground water sharing: The repeated failure of the monsoon in the last few years has resulted in indiscriminate digging of bore wells in the region. This has led to an alarming decrease in the ground water table of the region. To arrest this uncontrolled exploitation of the ground water table in the region, the Revitalizing Rain-fed Agriculture (RRA) network has designed an innovative program of water sharing which is being piloted in the district through NGOs.

AF-EC is a Project Facilitating Agency for this pilot program and has introduced this project in Korrakodu village of Kuderu mandal. The funds for the program come from the Department of Agriculture, Andhra Pradesh Micro Irrigation Project (APMIP), District Water Management Authority (DWMA) and the MGNREGS. The Ground Water Resource Centre of Watershed Support Services and Activities Network (WASSAN) provide institutional and technical support to the project. The technical design for the project is being provided by DWMA and the district MIP cell.

The primary objective of this program is to ensure that rain-fed farmers are provided protective irrigation to save their crops when the rains get delayed or during a failed monsoon season. This is achieved by pooling bore well water and channeling it to rain-fed fields through a pipeline system. The activity is safeguarded by social regulation and is supported by participatory water management.

The process involves identifying rain-fed farmers and bore well farmers in blocks of 50-100 acres of contiguous land who are willing to participate in the water sharing program. The participating farmers are organized into groups and the norms for water sharing, ground water management, maintenance of systems and the enforcement mechanisms are explained and documented. Once the paper work is

completed, pipelines are laid through the fields of all the participating farmers and efficient water use systems are installed. It is mandatory that all participating farmers follow comprehensive insitu water conservation measures, grow a diversity of crops appropriate to the region. In Korrakodu village, the program has been initiated in 38 acres (9.5 acres irrigated and 28.5 acres rainfed) with 5 bore well farmers and 9 rain-fed farmers. The bore-well farmers are happy with the installation of the pipelines and micro-irrigation equipment in their fields as it has reduced the time and effort spent on irrigation and the micro-irrigation systems ensures efficient use of water. Rain-fed farmers are also satisfied as they can be assured of harvesting a crop even if the rains fail. This is the initial phase of the program and the progress so far has been satisfactory.

The Anantha Planter and the Aqua seed drill: AF-EC collaborates with the Agriculture Research Station (ARS) and the Krishi Vigyan Kendra (KVK) in Ananthapur district to take the benefits of research to the farmers. The Anantha planter and the Aqua seed drill developed by them has been modified by the AF and can now be use to sow a variety of crops including green gram , red gram, black gram, jowar, bajra, groundnut. Demonstrations carried out in farmer's fields have been successful and farmers feel that there are several benefits of using the planter – it saves on seed, ensures uniform sowing, reduces the time taken to sow, does not require additional labor, is cost effective and reduces drudgery, particularly for women.

Under rain-fed conditions and unpredictable rainfall patterns, timely sowing of crops reduces the risk of decreased production and/or crop loss. However, small and marginal farmers are not well equipped to make use of the (short lived) soil moisture after a rainfall event due to several constraints – non availability of implements, lack of financial resources and high cost of labor. The Aqua seed drill can be used under these conditions for timely sowing. It is similar to the Anantha planter except that it is designed to release just adequate water for every seed sown. This provides sufficient moisture for seed germination and ensures uniform germination if the seed quality is good.

Protective Irrigation: Crops grown in rain-fed regions are generally hardy and able to withstand a fair amount of water stress, however under prolonged conditions of water stress the crops fail resulting in distress among farmers. During these periods of prolonged water stress one or two bouts of protective irrigation could save the crop and ensure some minimum returns to the farmer. The AF team has been working on this theme of protective irrigation for some time now and they have been able to precisely quantify the amount of water required by different crops to overcome water stress. An acre of groundnut would require 40,000L of water for protective irrigation using sprinklers. For the Red gram crop if drip irrigation is provided it only requires 5000L of water. Protective irrigation could be a probable adaptive and drought mitigation mechanism for rain-fed farmers.

Lining of Farm Ponds for Protective Irrigation: These are water harvesting and storage structures that perform an important function in rain-fed areas. In addition to recharging the ground water table it also provides water for supplemental irrigation during dry periods. The lining of farm ponds with cement soil mixture has been taken up as part of project activities to prevent seepage losses. The water thus stored is used for protective irrigation during a long dry spell. This is another drought mitigation strategy in areas where uncertainties of rainfall and changes in weather are a constant occurrence.

Integrated Kitchen Gardens (IKG): Drip irrigation is an efficient way to utilize water especially in water stressed areas. The Integrated Kitchen Garden unit consists of drip lines connected to a 200 L water tank. Two IKG units per village were distributed in 150 villages in the pilot phase. Farmers also received a variety of vegetable seeds along with the IKG units. The beneficiaries were trained on the setting up and maintenance of the IKG units. Kitchen gardens contribute to the nutritional and food security of rural households resulting in better health of the family. The saving on monthly food expenses also give women some surplus income that is used for other productive purposes or invested in small savings.

ICRISAT project on fodder development in the CPRs: Animals are an integral part of an SA farm, but fodder availability is a constraint in rain-fed areas; during the summer months the demand for fodder multiplies thus making livestock rearing a challenge. A fodder development program of the ICRISAT has been initiated in Mallapuram. The objective of the program is to bring uncultivated common land under fodder production. Village commons are identified and peoples' institutions created to manage these village commons. Seeds of fodder species are distributed among the members and procedures for sharing of fodder laid down. Livestock rearing could become an alternate source of income /livelihoods if fodder availability can be assured during the summer months.

5. Comment as per DAC criteria

Findings:

5.1. Program Relevance:

The Anantapur district of Andhra Pradesh suffers from chronic drought and the green revolution model of agriculture development that has been encouraged in the region has only added to the woes and problems of the farming community. Traditional food crops have been replaced by cash crops that are very intensive on chemical inputs and unsuited to the area. This has led to degradation of the agricultural ecosystem rendering them unproductive. Another grave consequence of the shift to cash crops has been food, nutritional and health insecurity in rural households.

Agriculture is the primary occupation of majority of the people in the district and majority of farmers are small and marginal farmers with no access to irrigation. The income from agriculture especially under rain-fed conditions is grossly insufficient. Small and marginal farmers in rain-fed areas are very vulnerable and marginalized; they have little or no access to resources – financial, knowledge, inputs – and therefore remain in the lowest rung of the development spectrum. The degraded landscapes, irregular monsoon and perpetual water stress have made agriculture an unviable livelihood strategy leading to income and livelihood insecurity among the farming families. Social and gender inequalities continue to interfere and deter progress in rural communities. Any development initiative in rural areas must first address these inequalities. Also the current policy framework is more oriented towards, and supportive of external input based, cash cropping agricultural systems.

The AF-EC program works with these marginalized farmers encouraging and hand-holding them in the shift to SA practices. This could reduce the cost of cultivation, reduce risk of crop loss due to droughts, improve household food and nutritional security and provide opportunities for improved livelihoods.

Against this background the identified problems are highly appropriate to be addressed. Thus the project objectives, planned activities and planned outputs are valid and highly relevant to achieve the planned outcomes and impacts.

5.2. Program Effectiveness:

Agriculture is the single largest livelihood activity in the project area and much of the poverty and distress in the region is a result of repeated drought and poor agricultural productivity. AF-EC has been working with the farmers of the region to improve their agricultural productivity by addressing the fundamental problems of poor productivity - dead soils, poor water management and inappropriate cropping patterns. The following observations and results are based on field visits to project villages and direct interactions with farmers who are target farmers of AF

Most farmers have noticed changes in the physical, chemical and biological properties of their soils. They find that use of organic manures – FYM, Jeevamrith and composts and incorporation of crop residues into the soil has improved the texture and the water holding capacity of their soils. Their plants are therefore able to withstand longer periods of water stress. This was also observed during the field visits to the villages. With the first rains in July, some target farmers in Muchurami, Cholasamudram, Siddaramapuram, Bommajipalli, Appilepalli, and Rudrampalli had sown seeds of at least 3 of these crops - red gram/ jowar/ castor/ ground nut/ green gram/vegetables. There were no rains since then till the end of the 3rd week of August; the plants survived the intense heat and desiccating winds for almost 45-50 days. The soil about 9-10 inches below the surface still had traces of moisture which helped the plants survive the extended period of water stress.

The target farmers of AF-EC no longer grow monocultures of groundnut. Almost all farmers grow pulses (red gram, green gram, cowpea, field bean), millets (jowar, bajra, foxtail millet), vegetables (ridge gourd, bitter melon, cluster bean, leafy vegetables, okra) in different ratios in their fields. Farmers have realized the benefit of cultivating a diversity of food crops instead of a single cash crop – their diet now includes pulses, vegetables, millets and grains ensuring better nutrition, more availability of food and better health. Some non-target farmers in the villages have also started increasing the diversity of crops in their fields.

A very interesting and significant observation was that farmers who grew vegetables in their fields reported lesser pests and diseases in all their crops. Since farmers visited their fields more often to harvest the vegetables they were able to spot and treat any pest/disease attack in the initial stages, much before it assumed damaging proportions. This has helped them in not only reducing the cost of production, but has also helped them get higher yields as crop loss to pest and diseases were minimal.

Farmers reported that use of chemical fertilizers and pesticides in their fields has decreased considerably after the FFS sessions. This has reduced their cost of cultivation by about 35-40%. Farmers say that the FFS sessions have helped them in a number of ways. They are now able to identify and distinguish beneficial insects from pests, know the life cycle of pests, they understand the need for, and the benefits of regular monitoring of their fields, are aware of the damaging effects of chemical inputs, have learnt how to make inputs for soil fertility/nutrient management and for pest and disease control. The

production and use of Jeevamrith, composts and FYM has been increasing in the project area. Much of the sucking and chewing pests are controlled by application of extracts of onion, garlic and chili or extract of leaves – vitex, calotropis, neem, pongamia or neem based botanicals and neem oil. Farmers have also used pheromone traps, white boards, bird perches, trap crops and border crops to control pests and diseases. A few farmers in Muchurami village have also made and sold jeevamrith to both target farmers and non-target farmers in the village. In Ipperu one farmer had set up an NPM shop with support from the project and supplied organic inputs to both target and non-target farmers. This shop however is no longer operational.

The demand for demonstration plots has been increasing and AF-EC had sanctioned 50 demonstration plots in every village for the season of 2014-15. Seeds of different pulses, millets, vegetables and castor were distributed to the selected farmers well in time for the sowing season. However, failure of the monsoon resulted in poor sowing especially in Dharmavaram and Kuderu Areas. Since Kundurpi and Kalyandurg Areas received a little more rainfall, some planting was possible in these four mandals.

The LCF program has been successfully established in 24 villages covering an area of 1500 acres involving 1500 farmers. All necessary registration and documentation formalities of these farmers have been completed at the field level. The lab work is being carried out systematically and periodically. Emissions from the reference plots are being carefully analyzed and recorded to calculate emission reductions. The potential benefits of this program would be evident once the Carbon Market is established and trading in carbon credits licensed.

The lining of existing farm ponds with cement soil mixture has been successful in most places, seepage from these farm ponds has been arrested and water can be stored in these structures for longer and used for protective irrigation during extended periods of water stress. These farm ponds have filled up in rains that came towards the end of August. In a number of villages visited as part of this evaluation, farmers were interested in digging farm ponds in their lands and lining them with cement soil mixture. In a farm pond visited in Brahmanapalli, there has been extensive runoff from neighboring farms and resulting in erosion of the cement soil mixture. In such areas, corrective measures such as bunding or diversion channels must be ensured before the lining of farm ponds is undertaken.

There is a growing awareness among the farmers about the benefits of tree crops and the need for introducing them in the agriculture system. AF-EC has set up demonstration plots in farmer's fields for the four different tree crop models. All the four tree crop models have been successful, and survival rates of trees have been a high 80-85% in most cases. This has been possible partly also due to the fact that farmers were provided assistance for irrigation. Different methods of irrigation were tried – pot irrigation, sub-surface irrigation and protective irrigation. The number of farmers requesting for saplings of fruit trees has been increasing in the project area. However, without similar support for irrigation, as that extended to the tree crop demonstration plots, farmers are unsure of how to ensure the survival of the saplings during the summer months especially when there is no assurance of even drinking water in some villages.

The Korrakodu water sharing initiative is being executed by AF-EC in collaboration with the RRA, the state agriculture department, WASSAN and the DWMA. When the program was initially discussed in the group meetings AF-EC found that there were very few borewell farmers who were willing to participate in the program as it involved sharing their borewell water with adjacent rain-fed farmers. The primary question was why should I share my bore well water with anyone else? Several group meetings were required to convince the farmers to participate in the program. The program was finally initiated with 5 borewell farmers and 9 rain-fed farmers covering 38 acres. The borewell farmers benefitted from the extensive pipelines throughout their fields and rain-fed farmers were assured of protective irrigation if the rains did not come on time. Regulatory mechanisms are in place to ensure that all concerned groups discharge their part of the contract completely. Some of the borewell farmers who did not join the program initially are now keen on joining the program. There are plans to extend this activity to 2-3 more villages.

In Ipperu village, another mode of water sharing has been experimented. Three sprinkler units were given to the GSMS of this village with instructions that if two adjacent borewell farmers were willing to provide protective irrigation to one neighboring rain-fed farmer for 1 acre, they could use the sprinkler units for one season after paying a rent of Rs 1500 for the whole season. The rent collected would be deposited into the GSMS account. There were other conditions that were laid down – 1 sprinkler set was meant exclusively for SC/ST and the remaining two for BC or OC farmers. Farmers who already have sprinkler units cannot participate, the unit can be used by a farmer only for one season, the responsibility of returning the sprinklers in good working condition was the responsibility of the farmer who takes it on rent. Since 2012, there have been three instances of water sharing using sprinklers. A rain-fed farmer informed us that as a result of the protective irrigation using sprinklers, she was able to harvest 10-12 bags of groundnut, as against 2-4 bags in the previous years. The borewell farmer was able to harvest 20 bags of ground nut with sprinkler irrigation as against 10-12 bags under flood irrigation. In addition he was also able to save on labor, electricity charge and water consumption. During the summer months, when even drinking water was unavailable in the village, the GSMS decided to use the pipes provided with the sprinkler units for bringing drinking water to the village from a farmer in an adjoining village. This initiative is gaining popularity among the villagers now and they are requesting for more number of sprinkler units for the village. These two water sharing special initiatives have helped farmers realize that working together as a group has several advantages and that it is, to a large extent, possible to overcome the distress and uncertainty in agriculture if they are ready and prepared to take collective responsibility to share resources, time and effort. Farmers in most of the project villages do not expect or look for favors or dole from the project any more. They are willing to participate and take responsibility as partners in their development process.

The RFC program that has been initiated in 7 villages is another effort by AF-RC to evaluate the possibility of collective responsibility and action by farmers. In these villages, about 25-30 farmers with similar interests and needs have come together to form the farmer's cooperatives. The groups have selected their leaders, have initiated savings/thrift activities and consequently internal lending and borrowing and they are also sharing labor, seeds, tools and implements. The cooperatives are being encouraged and supported to identify community based alternate livelihood strategies and are being delegated responsibilities to plan and execute the first set of activities. The members of the cooperatives concede

that in the short span of 9-10 months, they have started experiencing the benefits of collective action. They have been able to reduce the cost of cultivation, are able to perform agriculture operations in time and there is general feeling of trust and community feeling that has developed within the groups.

AF-EC has two main non-farm based livelihoods enhancement programs, one focused specially on young girls – garment making; and the other that has been dominated by young boys – professional driving classes for LMV and HMV. The target group in both these programs is young adults with at least 10th standard level of education. There has been almost 45-50% employment rate of the young boys graduating out of the driving school, of this about 6-7 % are self employed and about 40-42% have secured gainful employment in organizations or firms, both within the district and elsewhere. The comprehensive training imparted to the students includes safe driving, vehicle mechanics, spoken English and personality development. The AF driving school says that there is an increasing demand for drivers of HMV and the salaries for HMV drivers are substantially higher than that for LMV. Most of the LMV trained students who are employed now earn about Rs.4000 per month and are contributing at least a part of their earnings for their families.

The garment making course is a comprehensive one but the level of employment has been low. The major reasons for this – students don't have enough financial resources to buy individual sewing machines, there are not several opportunities for hiring the machines, parents of young girls are not willing to send their children to far off places for employment as they concerned about the safety and well being of their children, the market for all the girls passing out of the course is limited in the village. Some of the trained girls have started to sew garments for the people in the village and are earning on an average about Rs.2000 a month which is providing additional income to the households. Opportunities for gainfully employing these trained girls need to be explored to make this a program truly valuable to the girls. A very valuable but unintended outcome of this project has been the tremendous improvement in the confidence level and the feeling of self worth in the girls at having learnt an employable skill. During the course of the garment making program they are also discussing and learning about womens' issues of reproductive health, food and nutrition, small savings etc. The course has provided these young girls an opportunity and safe platform to explore their true potential.

A collaborative research project between AF-EC and ICRISAT has been initiated in Mallapuram village in Kalyandurg. The project involves the development of community land (temple land of 20 acres) for fodder development. The project has provided the group with seeds of self seeding fodder crops like Stylosanthes and Crotalaria that are adapted to grow well even under very low moisture levels. A farm pond is also being built in the area to harvest and store rainwater. The responsibility for maintenance, upkeep and sharing of resource is being given to the group. ICRISAT is also testing the efficiency of a seed storage technology that has been developed by them to protect seeds from the toxic effects of aflatoxin occurrence. Farmers find the technology very effective for control of aflatoxin infection in ground nut seeds.

AF-EC has been actively involved in policy advocacy and public opinion building throughout the project period. They have been conducting large multi-stakeholder events bringing together large number of farmers, policy makers, fellow NGO partners, government departments, social media, etc for building

public opinion on drought, desertification, gender, sustainable agriculture and food security to raise popular voice and build public opinion on these critical issues.

On June 17, 2012, The World Day to Combat Desertification was organized by AF-EC at Ananthapur. The event was attended by several distinguished members from the government, literary society, human rights activists, progressive farmers of the region, the press, NGOs from the region, members of CSOs and several farmers from the project villages. The meeting was organized to create awareness and sensitize people and the government on the grave dangers and implications of drought and desertification for the people of Ananthapur. The Director of AF-EC also presented a 10-point program to address the problem of droughts and desertification in the district.

A workshop on Groundwater management was organized by AF-EC on November 23, 2012 to brainstorm and explore the options and prospects for improving the ground water situation in the district. The meeting was attended by scientists, senior officials from the ground water department, representatives from NGOs and CSOs, officers from the ARS and KVK of Ananthapur. Several suggestions evolved for the regulation of ground water use, the primary one talks of social and ethical regulations as the most effective tool for implementing the Water, Land and Tree Act (WALTA act).

The World Water day was celebrated on March 22, 2014 and the event was attended by District officials, subject matter specialists, agriculture department officers, media representatives and opinion builders. The concept of Anantha Jalavalayam – the concept of linking rain water, surface water, river water and ground water as a possible solution for the water crisis in the district was discussed during the meeting. AF-EC networks with other organizations at the district, state and national level to raise awareness on rain-fed farming.

The Director of AF-EC is a member on several policy and advisory bodies and as an organization, AF-EC is in consultation and dialogue with the government on issues of crop insurance and incentives for farmers practicing SA, aligning MGNREGS with agriculture activities and including drought mitigation activities like afforestation, rain water harvesting, planting of tree crops under the scope of the MGNREGS.

AF-EC facilitated the formation of SMGs, the village level community organizations, through which all the project activities have been implemented. The SMGs have been federated at the village (GSMS), mandal (MSMS) and apex (ASMS) level to improve communication as well as efficiency of project implementation and monitoring. The SMGs have been further sub-divided into smaller sub groups of five members each, to promote mutual co-operation in farming, improve participation, for ease of monitoring and for greater accountability. The level of participation at the SMG and GSMS level has been below average and much work needs to be done at this level. The general participation at the MSMS and GSMS level has been average. What definitely needs mention here is that the participation of women at these two levels has been more than above average. In fact in the ASMS meeting held on August 27, there were more women participating and leading the discussions and they were not inhibited, apprehensive or timid to voice their concerns and doubts and frank opinion about a new collaborative project on pension scheme for farmers over 60 years of age.

All members of the SMG are from the most disadvantaged sections of society – Small and marginal farmers from SC/ST families, Landless laborers, Small and marginal BC families and Small and marginal irrigated farmers. In all the program activities of AF-EC, there is a minimum 25% participation by SC/ST communities.

The project has been successful in reaching out to all the target groups. As a policy 50% of the leaders in the SMGs are women and there are specific program targeted exclusively for women – kitchen gardens, back yard horticulture, small savings, tailoring training. The evaluation found that women were no longer discouraged or stopped from attending meetings organized by the project. In most villages, men were in fact supportive of their wives/daughters attending the meetings or classes conducted by the project. In 2 villages (Cholasamudram and V.E.Thanda) that had all women's groups, the women mentioned that they attended meetings organized by AF-EC even if they did not get the approval of the men in their families. The meetings, they said, gave them a sense of belonging and offered them a platform to share/ learn/ discuss issues that concerned them. Thrift activities were initiated with some of the women's groups; women who are a part of these groups reported that this activity has given them financial freedom and independence and more importantly a sense of respect in their own homes and in society. Their opinions are now sought on family matters and their decisions respected. Women say that their families have benefitted a great deal with the IKG initiative, the back yard horticulture and poultry rearing activities that have been introduced in the villages. Their diet now includes a variety of organic, garden fresh vegetables and at least a part of the money that was spent on vegetables (not less than Rs.100 per week) is being invested in the thrift/small savings program. In a few villages, vegetables from the IKG plots were also being sent to the bal anganwadis and used in the mid-day meal scheme.

5.3. Efficiency:

The project has been very efficient in creating awareness on the effects HEIDA and the need for shifting towards LEISA to a large number of farmers with the given human resource strength and financial support.

The extension strategies – demonstration farms, awareness campaigns, FFS programs and special initiatives and innovations have been effective both in terms of accomplishing the objectives of the program and in terms of utilizing the funds budgeted for the activities. However, the project is being implemented under progressively more acute conditions of drought and this has impacted the achievement of objectives.

At the management level the appointment of qualified staff for specific programs has strengthened the project, but at the field level, the level of commitment is low, in some cases members are ill-equipped to handle the assigned tasks resulting in high turnover of STOs impacting the implementation of projects.

There has been no involvement or participation of the CBOs in the planning process till now. The Core team of the project prepares the Yearly Area wise target plans and the Yearly Village wise target plans. The finalized plans are discussed with the ASMS and MSMS which is then taken to the GSMS and SMGs for implementation.

The selection of leaders of the SMGs, GSMS, MSMS and ASMS is done by the members, the process of selection is facilitated by the STO. The GSMS is actively involved in planning out the implementation of the programs at the field level. The SMGs and the GSMS are collectively responsible for

- the selection of beneficiaries for all the proposed activities,
- for implementing the activities at the ground level,
- conducting monthly meetings
- Maintenance of all village records

The level of participation in the GSMS and SMG monthly meetings has been low. The STOs are responsible for monitoring the activities of the SMGs and GSMS of 5 villages that form a cluster. The evaluation found that there is sufficient documentation of all activities and village records are well maintained. Recoveries of loans have been achieved in 95-98% of the villages.

The ATL and the AEOs visit the villages 3 times in a week to monitor the activities of the STO, the SMGs and GSMS and they maintain a record of the observations. The STOs submit a weekly report to the AEO /ATL. A monthly report is submitted and presented during the monthly review meeting held at the central office. The PME group also visits the project villages periodically for monitoring and evaluation of the programs. At the field level, the recent sub grouping of the SMGs into 5 sub-groups of 5 members each has been done for enabling mutual cooperation for farming operations and for better implementation and monitoring of activities.

The major factors that have significantly contributed to the objectives being achieved are

- The critical positions are staffed with people with required skills and capabilities and are committed to making things happen, and they often go beyond 'call of duty'.
- The Vision, Mission and Objectives of the organization are clearly expressed and many of the members of the organization have a good understanding of it. The objectives of the project are concrete and the activities initiated are linked to achieve the set objectives.
- The project activities have specifically helped reduce the cost of agricultural production and contributed to improved food and nutritional security in rural households.
- The organization is oriented towards capacity development of target families and works towards involving them in their own development process.
- AF-EC has established strategic partnerships and collaborations with multi-stakeholders like agriculture research institutions, government, NGOs and CSOs involved in similar work, the media, policy makers, human rights activists, policy makers, high level government officers and opinion builders.

There are some factors that have hindered progress as well:

- The frequent turnover of staff at the STO level results in delays in project implementation in some areas

- The project is being implemented under progressively more acute conditions of drought; this has impacted the achievement of objectives. Also, total failure of the monsoon results in low project activity like demonstration plots, FFS.

5.4. Impact:

Project farmers no longer grow monocultures of groundnut. They have realized the benefit of cultivating a diversity of food crops instead of a single cash crop. Most of them grow at least 3-4 different food crops including millets, pulses and vegetables which are normally used for home consumption any surplus after home needs are met, is marketed. There is increased food availability as well as improved nutritional security in rain-fed rural households as a result of the project interventions.

Farmers who cultivated vegetables in their main fields visited their fields more often to harvest the vegetables. During these visits they were able to spot and treat any pest/disease attack in the initial stages, much before it assumed damaging proportions. This has helped them in not only reducing the cost of production, but has also helped them get higher yields as crop loss to pest and diseases were minimal

Participating in the FFS sessions have helped farmers find alternate, effective, yet cheap methods of pest and disease control and soil fertility management; this has reduced the cost of cultivation by 35-40%. The use of organic inputs has improved soil quality and farmers find that their crops are able to withstand longer periods of water stress.

The two ground water sharing innovative initiatives have helped farmers realize that working together as a group has several advantages and that it is, to a large extent, possible to overcome the distress and uncertainty in agriculture if they are ready and prepared to take collective responsibility to share resources, time and effort. More farmers are expressing interest to participate in such collective programs.

The members of the rain-fed farmer cooperatives concede that in the short span of 9-10 months, they have started experiencing the benefits of collective action. They have been able to reduce the cost of cultivation, are able to perform agriculture operations in time and there is a general feeling of trust and community feeling that has developed within the groups.

Women have reported greater gender balance, they are no longer discouraged/dissuaded from getting outside the house and participating in group meetings. In fact in most villages, men have started to encourage them as they see a direct benefit at the household level when women participate in the programs of the project.

In two villages (Cholasamudram and V.E.Thanda) that had all women's groups, women mentioned that they attended meetings organized by AF-EC even if they did not get the approval of the men in their families. The meetings, they said, gave them a sense of belonging and offered them a platform to share/learn/discuss issues that concerned them.

Women who are part of the thrift/small savings groups have experienced financial freedom and independence and more importantly a sense of respect in their own homes and in society. Their opinions

are now sought on family matters and their decisions respected. Women usually use their income/loans for family needs like – education of children, medical expenses, better nutrition, to buy cattle. They are also prompt in the repayment of loans.

A very valuable but unintended outcome of the garment making alternate livelihood program has been the tremendous improvement in the confidence level and the feeling of self worth in the girls at having learnt an employable skill. During the course of the garment making program, they also discuss and learn about womens' issues of reproductive health, laws protecting women rights, food and nutrition, small savings etc. The course has provided these young girls an opportunity and safe platform to express themselves and explore their true potential.

The project has been successful in addressing gender and social equity concerns. About 25% of the program focuses on the SC/ST community. In almost all activities there has been about 45-50% participation by women; while in the FFS program, the participation of women has reached 71%.

About 45-50% of the boys trained in professional driving are earning money and supporting their families. Some young girls have also started financially supporting their families.

The lining of farm ponds with cement soil mixture has created water harvesting structures that can provide protective irrigation during extended periods of dry spell. Farmers who were earlier unwilling to set aside a portion of their land for farm ponds are now voluntarily coming forward and requesting the project and the government for support to dig farm ponds in their lands.

In most target villages, farmers are no longer asking for, or expecting any freebies or handouts or charity. They are willing to participate and contribute to at least a part of the costs of any activity or enterprise that they wish to undertake. They are also ready to accept the entire support as a loan. Members have generally been prompt in the repayment of loans. From being dependent on benefaction, they are now becoming more self-reliant and are willing to take calculated risks.

The project has been able to raise public awareness on the issues of drought and desertification, water management, poverty reduction, sustainable agriculture and food security and gender in Ananthapur at various levels – from farmers to opinion makers and framers of public policy. The 10 point program for mitigating drought, agriculture crisis and farmers distress is being studied by the district administration and the concept of protective irrigation is being critically assessed and evaluated by the government for large scale adoption in the rain-fed areas of the state. The inclusion of drought mitigation measures as part of the MGNREGS work is a result of AF-EC lobbying. They are also constantly lobbying with the government for aligning MGNREGS for agriculture activities and for more drought mitigation activities like afforestation, tree crops and rainwater harvesting. AF-EC is in consultation and dialogue with the government on issues of crop insurance and incentives for practicing sustainable agriculture.

5.5. Sustainability:

Farmers who have shifted to sustainable agriculture by choice and not by force. Further the project works on changing the mindset of farmers, and is not demand driven. Therefore, the project believes that farmers will continue to follow SA practices even after donor funding stops.

The project is focused on long-term sustainability, involving farmers in programs like the LCF initiative that could, at a future date, provide monetary benefits to farmers following SA practices would be an added incentive for farmers to continue SA practices. Linking farmers up with such innovative projects ensures sustainability of the project even after project withdrawal.

Women are actively involved in the development process and they are taking on leadership roles in the community. Therefore the shift to chemical intensive monoculture cropping with cash crops is only a distant threat.

The new programs – RFC, ground water sharing, protective irrigation – rely a great deal on mutual cooperation and sharing. These programs help promote a feeling of belonging among the community members and encourage farmers to take collective responsibility for common resources.

The CBOs are being strengthened, trained and encouraged to take on project planning, implementation and monitoring activities because AF-EC is aware that for long-term sustainability communities must take ownership and responsibility for their development. The project has not incorporated a withdrawal strategy in the present project plan because they recognize that the CBOs need more support, guidance and hand-holding in developing their leadership, social management and financial planning skills before they take on a larger role in their development process.

Conclusions on Program:

Drought and poverty are a recurring occurrence in the district and newer methods of coping with the stress and uncertainties are constantly needed. AF-EC has been successful in the implementation of the Promotion of Sustainable Agriculture and Diversified Livelihoods project in Ananthapur district. The project has supported farmers in adopting more sustainable methods of food production. The shift to SA practices has resulted in reduced cost of cultivation, reduced the use of chemical inputs and has promoted crop diversification. In addition to reducing the risk of crop failure, the shift has helped farmers achieve food, nutritional and health security in the project villages. There is a growing interest among farmers in the project villages to include a livestock component into the SA practices. The shift to SA practices has given the project farmers the opportunity of participating in the LCF program which could, at some future date, incentivize farmers for their contribution to green house gas reductions.

The yearly plans for the project and area/village wise targets are prepared in time in close consultation with the core team members of the project. Though there is no participation by the CBOs in the planning process, all of the projects have been implemented as planned with the support of the CBOs. Involving the CBOs right from the planning stage could positively impact implementation.

The training programs concentrate on a few techniques and procedures for soil fertility management and pest and disease control. Much of the training of farmers and STOs is dependent only on the FFS mode. The focus needs to shift from specific sections of SA practices to include the entire spectrum of SA practices. At the field level, the new and inexperienced staff members are ill-equipped to handle the assigned tasks.

The project has played an important role in involving women in the development process. The policy decision of 50% participation by women has given them the opportunity to participate equally. The percentage of women in leadership roles in CBOs has been increasing over the years and so is their participation in decision making.

The alternate livelihood program for young girls has provided them with an employable skill and more importantly it has also contributed to women's empowerment and a general understanding of their rights and responsibilities towards themselves and their community. There however have not been much employment opportunities for these young girls and financial constraints have restricted the possibilities of entrepreneurial development.

The project has demonstrated that sharing of resources and time creates a win-win situation for all farmers – irrigated and rain-fed. There are no direct or shortcut solutions for the problems that plague the rainfed farmer. The solutions must be explored by building strong partnerships, mutual cooperation and collective action.

Recommendations:

The problems of frequent drought and poverty in Ananthapur district are so immense and all pervading that there are no conventional, commonplace or clichéd solutions to them. There is a therefore, a compelling need for continuous and constant search/experimentation/trial and error to develop technologies/programs /practices and systems to address the issue.

Augment the scope of the activities to include animal rearing as an alternate income generation activity. This would strengthen the SA program at various levels – availability of inputs for SA, tree and fodder crops would be included in the agriculture system to provide fodder for the animals. The products derived from animal rearing could augment household income and improve food and nutritional security.

Strengthen the CBO structure and the capacities CBO leaders and assign the CBOs with the task of identifying specific areas of development that need to be addressed in their respective villages and encourage them to prepare plans to address those development issues. This process would help them expand their thinking to larger issues of community need.

The content of the training programs must be broadened to include quality management right from land preparation to seed selection, to planting schedule, planting techniques, crop management, harvest and post harvest activities. Depending entirely on the FFS mode of imparting training must be examined further and other training methods must be explored.

Programs that support the participation and development of women must continue as one of the prime focus in all activities of the project.

The livelihoods program must focus on providing gainful employment to the trained girls by exploring possibilities for setting up manufacturing units for garments, or tie-ups with manufacturing firms/ design houses/ boutiques. Also augment their skills to include fashion jewellery, crochet work/ bead work. These do not require very high initial investment as garment making.

The concept of mutual cooperation must be reinforced among the villages, and activities that support it, like the formation of cooperatives, sharing of resources must be encouraged. Strengthen the PGS system as this could be the basis for cooperative marketing of agricultural produce to niche markets.

The donor organizations should:

- ✓ continue to support the SA activities of AF-EC as this forms the basis for addressing the issues of drought, poverty and the deepening agrarian crisis in the region.
- ✓ Extend support to experiment on activities that promote the development of new technologies and practices to tackle the problems of rain-fed farmers of the region
- ✓ Continue to acknowledge that it takes multiple phases for a project of this nature to achieve good results
- ✓ Observe /monitor the community development strategies of EF-AC

6. Financial Management

6.1 Financial Management Systems: Adequacy Of Books Of Account/Documentation.

- 6.1.1.1 AF has a robust financial management system. Its books and records are adequate. The books are maintained through a software 'TRANSACT'.
- 6.1.1.2 AF is headed by a director who functions under a board of trustees. Please refer paragraph I (1) above for particulars of its organisational/legal structure. There is a detailed organogram depicting the staff and organisation structure in various areas. There is a financial manual which gives the delegation of financial and non-financial powers exhaustively.
- 6.1.1.3 Villagewise quantitative targets are fixed with castewise breakup of beneficiaries. Further areawise targets are also available. Similarly there is a detailed statement showing the areawise budgets vs. actuals under various programme cost.
- 6.1.1.4 The investments in fixed deposits with banks on 31 July 2014 amount to Rs.6,04,31,150/-. All the deposits except one are made only for a year. No long term investments are made.
- 6.1.1.5 The accounting software though has provision for calculation and charge of depreciation, it calculates depreciation for entries which are reversed resulting in an incorrect figure. Further the software does not allow debits to multiple heads of account other than cash. Once entries are made corrections are not possible and users have password also. Projectwise accounting with separate accounts for FCRA and local are followed. Field accounts are maintained manually.
- 6.1.1.6 Finance function is based in Anantapur and is headed by the accounts manager who reports to the director. There are accountants at the head office and field level.

Recommendations

- Software requires to be modified/corrected.
- Investments are to be reviewed to create long term deposits of funds to the extent not immediately required to increase the returns

6.2. Budgeting and Planning

- 6.2.1. A 3 year Plan & Budgeting is done at the project level and the PME cell takes a lead in its preparation. PME system is at central, area, mandal, cluster and village levels.
- 6.2.2. The three year budget is broken down yearly and surplus/deficits are carried over from one half year to the other. Half yearly audited financial reports are available. Budget is prepared areawise in financial and physical terms. However areawise monthly reports are presented only with the physical achievement. Annual review of the budget takes place but there is no documentation.
- 6.2.3. On variances please refer paragraph O (2).

6.2.4. AF has prepared a report on the financial status of the projects as on 14 July 2014. Local projects like IWMP (-22.95 lakhs) and NABARD (- 9.07 lakhs) show deficits. It appears that IWMP will end up with a deficit as grant of Rs.19.62 lakhs is only due from the government.

Recommendations

- Followup with IWMP and NABARD is needed.
- Areawise monthly report should contain financial figures also.
- Annual review of budgets is to be documented.

6.3. Internal Control Systems

6.3.1. AF has an effective internal control system in the key areas of cash and bank management, advances, assets and procurement. In the respective paragraphs we have given some recommendations for further improvement.

6.3.2. There is a procedural chart showing the delegation of authority for approval. This is in ANNEXURE 1. Some key points are :

6.3.2.1. Bank accounts are always operated jointly both at head office and field office

6.3.2.2. There is a purchase committee which recommends for acquisition of materials and capital items and the purchases made on director's approval.

6.3.2.3. There is always a dual authority – one recommending and the other superior authority approving.

6.3.3. Internal audit is a major component of sound internal control system. AF had an internal auditor till FY 2012-13. After his passing away there is no internal audit system in place.

6.3.4. There is a finance manual which is made by an external consultant in April 2012. Some aspects of it were modified in 2014.

6.3.4.1. Financial manual has to give a list of processes and procedures to be followed in an exhaustive manner. However we find that the manual outlines the processes and procedures as followed by AF in the form of a report. To give some examples paragraphs 2.4.1 and 2.4.2 read as below :

- “2.4.1 There is no loss of crucial accounting information as a result of any unexpected media corruption or hardware problem in the computer.
- 2.4.2 The accounting information is secure against any unauthorised access.”

These are only two illustrations and most of the manual contains statements as in a report. The manual would have been concise and precise had these statements did not form part of it.

6.3.4.2. Please refer paragraph E (2) below on cash holding.

6.3.4.3. On internal audit the manual states that “there is a process of internal audit by a chartered accountant who understands utilisation’. The fact is AF has never had

an internal audit by a chartered accountant, but had earlier by another person with accounting experience. AF is now said to be in the process of appointing a qualified chartered accountant for conducting internal audit on quarterly basis.

6.3.4.4. The manual ought to have covered certain other topics including preservation and disposal of records, a detailed form of fixed assets register including particulars of physical inventory, budget head, status of equipment during physical inventory, pre-numbered pages, account head identification number etc. Chapter on investment management ought to have referred to the provision of FCRA on investment.

6.3.4.5. It would have been useful if the list of books, records etc., maintained, custody of assets/documents like the delegation of authority were tabulated in a single chapter for easy reference.

6.3.4.6. Norms relating to salary, vehicle hire and travel should be covered.

Recommendations

- A quarterly internal audit with an action taken report is essential.
- Financial manual should be amended with due approval from board of trustees

6.4. Financial Transparency

6.4.1. AF is transparent in its decisions, operations and transactions with respect to financial transactions. Accounting documentation contains all details of payments – purpose, nature, amount, account head etc. AF has a finance manual which is followed. AF prepares half yearly and yearly financial reports and a narrative progress report on activities undertaken, achievements made etc. Narrative reports and financial statements are made public by uploading them in their website.

6.4.2. Payments for activities in the field are made directly to the beneficiaries, mainly to the women in the family. In some cases, if the women are not able to receive the payment, the payment will be made to her through an authorised representative by taking an authorisation letter from her. AF circulates widely the annual plans and budgets to GSMS, MSMS and ASMS for their understanding and participation in implementation.

6.4.3. The physical cash at the office is checked and verified every day by the campus manager, who is not part of accounts department. He checks and signs the documentation on closing balance.

6.4.4. For purchases of Rs.10,000/- and above the procurement committee obtains at least 3 quotations from reputed suppliers. Based on the price, quality and other terms, the procurement committee recommends a suitable supplier. Taking into account the recommendations of the purchase committee, director approves the purchase.

Recommendations

Nil

6.5. Cash And Bank Management

6.5.1. Finance manual has a separate section 5 on cash and bank management.

6.5.2. Cash holding for AF is fixed at Rs.300000/-. The total cash balances at AF as per audited accounts were:-

	Rs.
31-03-2012	175038
31-03-2013	169753

6.5.2.1. The cash holding limit of Rs.300000/- is very high. This is also possibly because the limit for cash expenditure is Rs.5000/- as per the manual limit for cash payments of Rs.5000/- is high.

6.5.2.2. All the offices/projects maintain a minimum cash balance of Rs.20000/- and if the balance exceeds Rs.50000/-, cash is deposited into bank.

6.5.2.3. Please refer paragraph D (3) above.

6.5.3. AF has all its 11 bank accounts with Canara Bank. There are three main bank accounts – FCRA designated bank account, local contribution and NABARD/government funds. There are utilisation accounts at field offices 5 each for FC and local accounts with one account for NABARD/government funds. Please see funds flow chart in ANNEXURE 2. Authorised signatories are five in number – chairman, director, two trustees and an employee. Bank accounts in head office are operated by director and a trustee jointly. In field offices the bank accounts are operated as below :-

Field office	Joint signatories
Kalyandurg and Kundurupi	Trustee and an ATL/Assistant director
Dharmavaram and Atmakur	Director and assistant director

6.5.4. Balances in all bank accounts were as below :-

	Rs.
31-03-2012	5947843
31-03-2013	5169886

In year ended 31 March 2013, total of all incomes was Rs.41535946/- and the year end bank balance constituted 12.45% (Rs.5169886 x 100 ÷ Rs.41535946) of the total of all incomes.

In the case of one of the local contributions, the bank balance on 31 March 2013 was Rs.26.20 lakhs.

It is necessary to create short term fixed deposits maturing on fixed due dates linked to requirements. The auto sweep limit may require review.

Recommendations

- Cash holding limit is to be reduced
- Cash payments should be an exception and cheque payments the rule. In any case maximum ceiling for cash payment should be Rs.2000/- instead of Rs.5000/-.
- As at yearend the entire cash on hand is to be deposited into bank and drawn on the first day of the next financial year. This is an important measure of control and an automatic physical count especially as the overall cash balance is large.
- Creation of short term deposits out of savings bank/current account balances will be needed.
- Manual ought to have specified individual projectwise limits based on assessment of the need instead of fixing entity level limit of Rs.300000/-.

6.6. Advance Management

- 6.6.1. Advance payments are made towards travel, programme and salary. Advance monitoring is the responsibility of the finance manager.
- 6.6.2. Salary advance is recovered against the monthly salary with a minimum deduction of Rs. 1000 per month and a maximum tenor of 12 months. Only employees with more than five years of service are eligible for salary advance.
- 6.6.3. Travel advance is based on the travel requisition and settled within one month on submission of statement of claim with supports. Financial manual is silent on the eligibility with respect to travel.

6.6.3.1. Programme advance is paid based on requisition as recommended by PME.

6.6.3.2. Advances outstanding on 31 March 2013 are as below :

	Rs. In lakhs
Programme advances	4.13
Advances to other programmes	27.15

Advances to other programmes include Rs.25.14 lakhs (AF staff benefits) and Rs. 2 lakhs (training centre). If these are programmes they should not be appearing in the consolidated balance sheet as the advances will cancel out against the corresponding liability.

Recommendations

- Intra-programme (paragraph 5) advances are to be clarified.
- Programme advances are to be reduced to nil as at yearend. If this is not possible yearend confirmation is required.

6.7. Approval And Delegation Processes

6.7.1. Approval and delegation of financial and non-financial powers are provided for in the financial manual. Delegation is based on the hierarchical level of the person concerned and the function performed.

Recommendation

Nil

6.8. Procurement Policies

6.8.1. Procurement is done by a committee consisting of four members as below:

Mr.Bheemappa (PME member)

Mr.Muralidhar Reddy (Finance Manager)

Mr.M.Shekshavali (Campus Manager)

Mr.B Fazlulla (Secretary to director)

In the case of agricultural purchases head of the sustainable agriculture programme is included in the committee. Further other relevant subject matter specialist are also included when required.

6.8.2. Indents for material above Rs.10000/- are approved by director or PME senior associate in the absence of the Director. The meetings are informal. However a note prepared signed by the committee members and put up to the director for approval.

Recommendations.

- Formal minutes of all meetings of procurement committee are to be maintained with date, meeting number and details of proceedings. The minutes are to be signed by the committee members.
- To ensure effective purchases monthly stock reports are to be prepared and regular physical verification is to be conducted in the presence of an accountant.

6.9. Investment Policies

6.9.1. Investments are in the form of bank deposits only. However please refer paragraph N (3) below, for our observations on Birla Sunlife.

6.9.2. There is a separate fixed deposit register and all the FDs as in the time of visit have been physically verified. AF has a breakup of fixed deposit project/activitywise.

Recommendations

- Separate file is to be maintained for all the decisions and minutes of the investment committee. Investment committee should consist of director, trustee and accounts manager as per the finance manual.

6.10. Management Of Own Means Of Contribution Raised By Partner

6.10.1. Beneficiary contributions for the various years are as below. In the audited accounts these are shown under schedule III under income and expenditure account.

Financial year	Amount in lakhs	
	Total	Lead fund contribution
2012-13	14.79	6.62
2013-14	8.48	1.38
2014-15	5.24	-

6.10.2. These contributions are collected from beneficiaries of nursery, kitchen garden, driving school and on lead fund, horsegram, cows and jowar seeds. Own means contribution for BftW/EED funding is Rs.1.4 crore for a three year phase. AF has received some lead fund contribution from livelihood beneficiaries in the current phase also which is included in the beneficiary contribution.

Recommendations

Nil

6.11. Management Of Field Level Accounting

6.11.1. There are four field offices with each maintaining a sub account for FCRA purposes. Books of account are manually maintained.

6.11.2. Visit was made to Kalyandurg field office.

6.11.2.1. Accountant maintains basic accounting records manually.

6.11.2.2. Monthly indents are raised obtaining funds from HO. Monthly receipts and payments are submitted to HO.

6.11.2.3. Cash transactions for 4 projects are maintained separately.

6.11.2.4. Kalyandurg operates from RDT owned premises given to AF. There is no formal documentation.

6.11.2.5. Programme stock is received through field office for onward distribution. Stock records are not available prior to 2013. Stock record for receipt and issue is presently maintained.

Recommendations

- Accounts are to be computerised and linked to HO.
- Stock register (computerised) with opening/closing stocks, receipt and issues with signatures of receivers is essential.

- Daily cash balance is to be tracked through a register with record of cash on physical count duly authenticated by ATL.

6.12. Expenses Relating To Administration

6.12.1. Expenses on administration is in a separate schedule to income and expenditure account. The figures were as below :-

Financial year	Rs. in lakhs	% to total expenses
31-03-2013	82.41	24
31-03-2012	82.75	17

6.12.2. Percentage of administration expenses to total expenditure (without depreciation) has increased from 17% (31 March 2012) to 24% (31 March 2013). Substantial fall in the programme expenses (Rs.3.99 crores in 31 March 2012 to Rs.2.60 crores in 31 March 2013) is a reason.

6.12.3. Some other relevant comparative expenses are given below :

Expenditure	Rs. in lakhs		Remarks
	31-03-2013	31-03-2012	
Salaries	17.52	17.63	It is almost the same.
Transport	10.16	5.9	The no. of jeeps increased from <u>9</u> in 11-12 to <u>13</u> in 12-13 and hire charges also increased due to hike in diesel prices
Maintenance	3.66	1.14	
	-----	-----	
	14.65	5.89	
	-----	-----	
PDD registration	Nil	4.29	

Recommendation

- AF should introduce a system of analysing and calculating variances between the preceding and current financial year.

6.13. Review Management Of Fixed Assets

6.13.1. Balance of fixed assets as on 31 March 2013 is Rs.2,14,99,763/- as per the audited balance sheet. These assets include land, building, vehicles, furniture, machinery, office equipments etc. Assets are depreciated on written down value basis.

6.13.2. Purchases are as per budgets. Indents are placed for procurement and procurement policies are complied with.

6.13.3. A record of fixed assets is maintained in Excel format – asset category and yearwise. It shows the opening balance, addition, disposal and closing balance.

The record is incomplete as it does not reflect assets purchased prior to 2003.

Further the form of the record is not amenable to easy reference.

Assets belonging to RDT being used by AF (AF's parent organisation) are also included in this list.

Physical verification is normally done at the time of hand over/take over.

Recommendation

- It is necessary to take a physical count of all assets, separate assets belonging to RDT, number and list them in a register. It should be computerised. Present closing balances in books can be adopted. From now on entries are to be linked to financial books through software. For all old assets not on record a value of Rs. 1 each can be assigned and corresponding write off/entries are to be made in books to tie up fixed assets register with financial books.

6.14. Legal Compliances (FCRA, Income Tax Etc.)

6.14.1. Returns to be filed under FCRA and ITA have been filed in time.

	Due date	Dates of filing return
FCRA		
31-03-2012	31-12-2012	26-12-2012
31-03-2013	31-12-2013	26-12-2013
ITA		
31-03-2012	30-09-2012	27-09-2012
31-03-2013	30-09-2013	21-09-2013

6.14.2. In the computation of income (31 March 2013) the following points are noted:-

6.14.2.1. The total income (grants, interest and sale proceeds) of investments is as below :-

	Rs.
Foreign grants	2,67,34,011
Local grants	14,79,130

Government grants	44,97,799
Interest	46,65,561
Other income	37,19,076
Sale proceeds of investments (674102 + 3940881)	46,14,983

	4,57,10,560

In the computation, total income has been taken at Rs.3,65,97,778/- [Rs.4,57,10,560 – (44,97,799 + 46,14,983)] excluding government grants and sale proceeds of investments. Consequently 15% set apart under section 11 (1) (a) has been computed at Rs.5489667/- (15% x Rs.3,65,97,778) only.

Total income referred to in section 11 (1) includes all forms/categories of income calculated on commercial/book income basis. Please refer CBDT's circular 5P dated 19 June 1968 on this issue.

- 6.14.2.2. Further the basis for treating the government grants as specific grants (capital receipt?) thereby excluding it from income is not clear. There is no difference between government grants and donor grants under ITA.

Exemption under section 11 (1A) of ITA is claimed on capital gains from sale of investments. Exemption is with respect to capital assets purchased of Rs.4,40,370/- and investment in Birla Sunlife (paragraph 3 below) of Rs.2,24,960/-. Exemption under section 11 (1A) is available only if the entire net consideration (not capital gain alone) is reinvested. Reinvestment has to be as per section 11 (5).

- 6.14.2.3. Investment has been made in Birla Sunlife Insurance Company Limited by transferring AF's group gratuity funds.

- 6.14.2.3.1. The gratuity fund is not recognised by the income tax department. No separate trust has been created also.
- 6.14.2.3.2. The original policy document is not available. Only the endorsement dated 2 September 2013 on account of changes in terms is made available.
- 6.14.2.3.3. Gratuity fund (Rs.75,56,200/-) and gratuity fund investments (Rs.75,04,720/-) are reflected in the balance sheet as at 31 March 2013.

6.14.2.3.4. Section 11(5) prescribes the mode of investments for a charitable trust. Investments in insurance companies are not covered/listed in section 11(5). However the nature of this balance – investment or accumulated premium – is not clear.

6.14.2.3.5. AF's breakup of fixed deposit shows this as group fixed interest fund plan and if so this is an investment violative of section 11 (5).

6.14.2.4. Tax deducted at source (TDS) in the case of vehicle hire is now under section 194 I instead of section 194 C. This is said to be done on the recommendation of an external consultant. Section 194 I covers consideration paid for usage of machinery, plant and equipment interalia. Further TDS under section 194 I is to be at 2% with the threshold limit of Rs.1,80,000/- per annum.

Section 194 C covers TDS in respect of any 'work'. As per explanation iv (c) to Section 194 C, the term work includes carriage of goods or passengers by any mode of transport other than railways. Section 194 C provides for 1% TDS where the payee is an individual or HUF and 2% in all other cases. The threshold limit for a single payment/credit is Rs.30,000/- subject to the annual payment not exceeding Rs.75,000/-.

Section 194 C is a specific provision and therefore it has to prevail over section 194 I. Further the classification of vehicles is more appropriate under carriage by any mode of transport rather than under machinery, plant and equipment. Due to the threshold limit of Rs.1,80,000/- under section 194 I, many payments will escape deduction of tax at source.

TDS is generally remitted in time to government account except in two months July and August 2013 when the remittance was on 21 September 2013 only. The remittance is to be made before the 7th of the succeeding month of deduction.

6.14.2.5. AF has substantial collections on various heads like catering, training hall, accommodation, mess, driving school etc., Presently the impact of service tax and proviso to section 2 (15) of Income Tax Act have not been examined. These two provisions are relevant if there are dealings with third parties and the generation is above a threshold limit.

6.14.2.6. Separate designated bank account and sub accounts are maintained as per FCRA.

Recommendations

- Issues relating to capital (government) grants, Birla Sunlife investment, capital gains under section 11 (1) (A) and impact of service tax and section 2 (15) of Income Tax Act with respect to various receipts are to be clarified and sorted out. TDS is to be under section 194 C in the case of vehicle hire.

6.15. Compliances Of EED/Bread For The World Requirements.

6.15.1. Reports to EED and ICCO have been submitted as below :

EED Reports		
Period	Date of submission	Due date
01-04-2012 to 30-09-2012	11-03-2013	31-12-2012

01-10-2012 to 31-03-2013	10-06-2013	30-06-2013
01-04-2013 to 30-09-2013	02-01-2014	31-12-2013
01-10-2013 to 31-03-2014	30-06-2014	30-06-2014
ICCO Reports		
Period	Date of submission	Due date
01-04-2012 to 31-03-2013	10-06-2013	30-09-2013
01-04-2013 to 31.3.2014	30-06-2014	30.09.2014

Delay in submission of reports is noted in some cases

- 6.15.2. EED's project period is from 1 April 2012 to 31 March 2015. The total project grant is 11,00,000 Euros and the rupee equivalent is Rs.7,48,00,000/-.

Some figures as per the audited summary of income and expenditure dated 19 June 2014 are :-

Budget Code	Sources of income/programme head	Budget 01-04-2012 to 31-03-2015	Expenditure 01-04-2012 to 31-03-2014	Remarks
1.1	Own means – income	1,40,08,000	73,73,000	This falls short
1.1.2	Demonstrations on SA practices in annual crops	2,02,64,000	2,11,02,133	Expenditure has overshot budget
1.1.3	Rainfed Farmers Cooperatives	55,70,000	6,29,547	
1.2.1	Campaigns on Climate Change Adaptation	26,05,726	12,90,919	

1.1.3- The organizing & capacity building of RFC is in progress. They have not yet taken up agriculture or income generation activities.

1.1.3 & 1.2.1 The budget is now revised in 2014-15 and got approved by EED.

Adverse variance is noted in many budget heads in financial year 2012-13.

- 6.15.3. In the case of government programmes, funds are directly released by the government to watershed communities. Government gives a grant to AF for meeting its administrative expenses.

AF gets a standalone audited receipts and payments account with respect to these government grants. This statement incorporates the funds released directly by the government to village level CBOs to meet watershed programme expenses. In this standalone audited statement for the year ended 31 March 2014 the cumulative figure shown as receipt and expenditure (both figures are equal) for the period 1 April 2012 to 31 March 2014 is Rs.7,78,02,600/-. An explanatory note is given.

- 6.15.3.1. The basis for this figure shown as receipt and payment is not clear
- 6.15.3.2. Expenditure includes unspent monies also in CBO
- 6.15.3.3. Receipts and payment relating to CBOs is included in AF financial statement.
- 6.15.3.4. Receipt is equal to expenditure in all half years – 1 April 2012, 30 September 2013 and half year ending 31 March 2014
- 6.15.3.5. Government's release to beneficiaries cannot be taken to the credit of the organisation notwithstanding the explanatory note.

Recommendations

- Donor reports are to be sent in time without delay.
- Substantial variances are to be examined and budgeting/implementation is to be followed up and monitored.
- Incorporating funds released by government to CBOs directly in an audited receipt and payment account as receipt and payment is not appropriate.

7. Organizational Governance and Management

7.1. Governance, Organizational Management Structure & Systems

Review of bye-laws and policies: In how far is the current organizational set-up and internal governance systems adequate and effective (for the management and supervision of the organization as well as its decision-making structures)? How effective are the systems to ensure governance oversight?

Areas of strength

- The organization is registered as a Trust under the Indian Trust Act. As its supreme governing body, it has a Board of Trustees (BoT). The BoT has five members. Most of them are from the parent organization, Rural Development Trust, although that is not a written legal condition.
- The good aspect is that the board has persons with wide and issue specific experience. The Chairperson is Mr. Moncho Ferrer, who is the Program Director of RDT, a large organization and has proven experience of management of organizations. Dr. Malla Reddy is the Executive Director of AF and comes with proven experience in organization management and has good credibility and vast contacts. Mr. Tippleswamy is the Chairperson of RDT and is also the Director of sponsorship in RDT bringing fund raising experience on board. Mr. Chelapathy is the Director of HRD in RDT and Ms. Prameela Kumari is a Regional Director in RDT. Mr. Sanjeev Sangwan is a special invitee and he is the Director of Finance in RDT.
- It is good to note that an Executive Committee is appointed as per the Trust deed and the executive committee members are allowed to be a part of BoT meetings. The Executive committee members, mostly the second line leaders/ staff of Accion Fraternal, are in the know of all functional aspects of Accion Fraternal and are therefore good presence in this policy making and strategic planning and thinking body.
- The above combination of the BoT and executive committee make a good mix for Governance, management and supervision of the organization.
- At a day to day staff/management level, most of the executive committee members are also members of the Core Team which meets every month and is on top of all matters of the organization.
- The BoT meetings are organized with advance notice and information on agenda items to be covered. The minutes of the previous meeting are also circulated to the members in advance. The agenda items cover presentation of various statutory reports like the audited statements of accounts and progress reports from various program units.
- The BoT also approves all proposals and policies related to Organization management, Human resource development, Gender etc.
- The minutes are maintained for every meeting and a gist of the discussion and the resolution adopted are mentioned regularly.
- The above organizational set-up and governance systems are adequate and effective for the management and supervision of the organization and for decision-making, which is participatory

in nature.

Areas of limitations / for improvement

- The Trust deed stipulates to hold one meeting of BoT every quarter. But the actual number of meetings held are only 2 in 2011-12, 3 in 2012-13 and 2 in 2013-14.
- The number of women in the BoT is only 1 out total of 5, which is too less.
- The minutes are maintained in typed sheets but not in a register with pages numbered, which is necessary to prevent any tampering with the minutes.

Recommendations

- It is recommended to ensure adherence to the clauses in the Trust deed and holding at least four meetings in year, once every quarter.
- It is also recommended that the minutes should be maintained in a register with numbered pages and all the pages should be signed by the Chairperson and the secretary.
- More women should be brought on the board, making the gender ratio more equal.
- The administration and finance department should present a compliance report, reporting on all of the statutory compliances.
- The Director should present an Action Taken report in relation to all the resolutions made in the previous meeting.
- The notice letter including the agenda should also mention that an Action taken report and the minutes of previous meeting are attached for the members perusal

Additional recommendation

- As per the Trust deed, the minimum number of members is 4. The current number is 5. This number of trustees can be increased to at least 7 or 9. In the process, AF can bring on the board people with requisite experience on Organization Development, Program, HRD, Finance etc. These people could also be from outside of RDT to bring in a wider experience and expertise.
- The increasing of numbers could also be used as an opportunity to bring more women on the Board.

7.2 Does the organization have an adequate conflict of interest policy? Is there any conflict of interest in the governance and management of the organization?

- There is no apparent conflict of interest in the governance and management of the organization. The Director is also a member of the BoT and he reports to the BoT. He receives a salary for his being the Director and full time employee of the organization. As per the clauses to prevent the conflict of interest, the Director is not present in the meetings when decisions related to his salary / benefits are made.
- The organization has a conflict of interest policy. The policy has 10 clauses of what constitutes conflict of interests. But there are no provisions on how to prevent conflict of interest and the

punitive action to be taken if willful suppression of information pertaining to conflict of interest is noticed.

Recommendation

It is recommended that AF develops a comprehensive policy on preventing conflict of interest, clearly listing not only the possible areas of conflict of interest but also defining what is a conflict of interest, clarifying what will be done if and when such a conflict of interest will arise, and what will be the procedure to deal with someone who has suppressed information on a real conflict of interest. This policy should be approved by the BoT and should be fully shared with all staff.

7.3. Is the Board sufficiently independent from the Senior Management (constitution of the Board)? How effective is the Board in guiding, supervising and supporting the management, strategic outlook and sustainability of the organization.

- As mentioned in the first point, all the board members, except the Director, are independent from the senior management. The board has sufficiently experienced persons, mostly from the parent organization, Rural Development Trust. The board members possess the requisite experience and expertise in guiding, supervising and supporting the management and sustainability of the organization.
- However as mentioned above, there is a scope of inducting more experienced experts from different sectors, preferably women, and from outside of RDT fold.

7.4. In how far is the role and composition of the governing body adequate and effective (power, duties and responsibilities of the office bearers)?

The governing body, being the supreme body, is understood to be the ultimate body in policy making. But in the Trust deed, it is not explicitly mentioned as to what will be the power, duties and responsibilities of the trustees and even of the Chairperson.

Recommendation

It is recommended that the powers, duties and responsibilities of the Chairperson and of other members be developed. It should also be considered to form various committees such as Finance Committee, HR / personnel committee, program committee etc. which may be charged with specific responsibilities of policy making and oversight on specific aspects.

7.5. How effective is the board and what measures has the board undertaken to ensure that funds are used exclusively for the project purpose and as per the agreed budget and Letter of Approval/Agreement of Cooperation?

The board considers and studies the audited report from the chartered accountant in its meetings and approves them.

7.6. What systems are in place to ensure internal and external transparency and accountability of the organization?

- The accounts are audited by a Chartered accountant.
- Sufficient data is collected from the field and program reports are prepared and these are

presented in the staff meeting, to the board, to the donors and to the outside world in the form of annual report.

- The FCRA and Income Tax returns are filed to the Government authorities as per statutory norms.

7.7. How effective are the internal communication/coordination systems, the division of roles and functions and the decision-making procedures?

The internal communication, coordination and decision making systems are quite effective. The most important mechanism for communication and coordination are the monthly all staff meetings and the monthly core team meetings. The styles of management are participatory based on discussion and dialogue in the meetings, where most decisions are taken or are used as a platform to inform the field staff about the decisions taken in the Board or Core team / management team. All the staff members with whom individual interviews were done (from across the hierarchy) expressed that communication and coordination systems are effective and clear.

The roles and functions of different levels of staff as well as of various bodies and mechanisms are quite clear.

7.8. How does the partner review its organisational systems, learn & improve the organisation?

The organization has developed its systems, processes for Organization management, HRD as well as PME so that shows that the organization learns and improves. These have been results of internal reflection and outside capacity building support.

Recommendation

- It is recommended that AF makes it a standard procedure to carry out a once in 3 years Strategic planning exercise to coincide with the Project preparation for BftW. It must be noted that there was a strategic planning exercise in 2008 facilitated by Mr. Ajit Mani. There is also an internal exercise of Strategic plan in 2012-15 but that is a rather brief document with only strategic objectives and strategic priorities.
- This strategic planning exercise should be preceded with a strategic review covering aspects of Organization development, Governance, Organization structure, Management, PME and HRD and situational analysis covering the field situation and the larger context. Then the strategic plan too should focus not only on programs but also on all the above mentioned aspects. This strategic review and strategic planning will make sure that the systems of learning and improvement are Institutionalized.

7.9. How flexible are the programme structures to allow changes in strategies or priorities?

The organization's structures as well as the culture are flexible to allow changes in strategies and priorities. The organization has a strong value system and has also taken some tough stands to clean up their organization taking out a substantial number of staff who had taints of corruption.

7.10. Decision-making structures

7.10.1. Participation in decision-making processes from the bottom to the top. Assess the representation and participation of staff (esp. women) and beneficiaries in decision-making procedures and policy development?

- The style of management and functioning, as mentioned earlier, is participatory. The field staff too has opportunity to contribute to decision making at the platform of all staff meeting.
- The organization and its staff also have a practice of community consultations with Sasya Mitra Groups and their Federations at village, mandal and project level to seek input from the community in the planning, implementation and monitoring.
- The core team is the platform for participatory decision making at the top management level.
- The top and middle management staff also have a say in policy making as they are part of the executive committee which attends the meetings of the Board of trustees.

Recommendation

The practice of micro planning at the community level may be introduced. The micro plan will be a plan developed by the community with AF staff playing a facilitative role. These plans will make the process to be “community owned”. The CBO should also monitor its own plans so as to take total ownership.

7.10.2. Role and participation of women in Governing Body/Board/senior management

This is an area of concern. There are very few women in Governing board and in top management.

Recommendation

The representation of women in the board can be increased by increasing the strength of the board and ensuring that all new members are women. For senior management, the vacancies should be filled in by women staff on a priority basis.

7.11. PME system (incl. Gender/Participation)

How effective is the Planning, Monitoring and Evaluation (PME) and the reporting system? Is the project partner using participatory PME tools? Does the PME System take into account a gender specific point of view? How can an outcome-oriented monitoring system be developed?

- PME and reporting system is quite well organized and involves all staff besides a dedicated PME department. There are clear monthly report templates which are developed by the PME department and these templates are filled by all the field staff on a monthly basis. The grassroots Technical officers provide their reports to Area Team leaders. These are then compiled at the area level and presented and discussed in the monthly meeting which is attended by all staff between 1st to 3rd of every month. Then on 17th of every month, the Core team meets which has Area heads, Sector Heads and the PME team.
- In addition there is one monitor for each area from the PME team. These monitors attend the staff meetings of the specific areas and are a part of the monthly planning cum review process.

- These monitors also make independent field visits and prepare and submit their field reports. The good thing is that these monitors visit any 3 randomly selected villages, thus enhancing the possibility of being objective.
- Besides, the sector heads monitor their own program.
- A new system of monitoring at village level has been recently started where field monitor, Area team leader and Area Agriculture Officer visit 2 villages each in a week and discuss their observations with each other.
- Then the Organization also organizes some or the other thematic review.
- The staff members generally feel that with this organized form of PME, the amount of time they spend on firefighting has reduced.
- A study of the planning / proposal document reveals that the articulation of change statements at Outcome and output level are quite clear.

Areas for improvement

- Some objectives and results need to be clearer in their articulation. In the reports, the language of expected results and achieved results do not match. Some numbers have wrongly been compiled. For example the target was of 8400 persons attending a particular program but the first six months' data of 7603 has been added to second six month data of 1104. In this case the target for both first and second six month should be considered as 8400 and the achievements should not be added up. In the staff meetings, field teams make power point presentations. But the achievements presented by them are not in relation to what was planned to be achieved. And the PME team, which does compare the plan with achievement, does not put up this comparison in the staff meetings for discussion. While the documents capture the achievements, there is not enough capturing of the analysis of the data and the decisions that are made.
- While there are formats available for seeing physical/program and financial figures together in comparison but they are not being presently used. Both are presented separately presently.
- Some of the results being monitored are qualitative. They require specific tools with parameters for being monitored which need to be developed. These parameters will make the assessment more detailed and more objective.
- When the monitors visit the field, they do a debriefing with the local team and come back and prepare a report. It will be desirable for the monitors to prepare a summary of their findings in the field and write the decisions to improve the functioning and sign it themselves and get it signed by the team leader so as to make it like a commitment The reports prepared by the monitors can be brief. They currently repeat a lot of field data. Instead of doing that, they can merely certify the veracity of that data. On the whole, AF is collecting lot of data but the focus seems to be more on the Outputs level and not so much on the Outcome and Impact level.

Recommendation

- AF may take steps to improve on all above mentioned issues, making the planning monitoring

process more refined and precise.

- AF could use the next project cycle to do an exercise where it articulates its Impact and Outcomes very clearly and develop permanent monitoring system to capture these results periodically

7.12. *Human Resource Management*

Review of the procedure(s) relating to staff-recruitment, training offered to staff in order to improve its qualification, regularity of staff meetings, internal feedback mechanisms, etc. What human potential development and management strategies are in use?

- The organization has good systems for above mentioned aspects. The staff is recruited by following a thorough process combining written tests, group tasks and oral interviews. All staffs are provided with employment letter and annual contracts. The new staff are provided with orientation and induction training combining classroom and field sessions. The new staff are initially placed with more senior staffs for their on-field grooming. On-going training needs assessment is done and need based training inputs are provided. The trainings are done both by in-house and outside resource persons. Need based exposure visits are also organized within and outside AF for knowledge and perspective building. As has been mentioned in the earlier sections on coordination, the staff meetings are very regularly organized.
- The staff meetings and monitoring visits by PME team and sector experts to the field act as an opportunity to provide feedback to the field staff. The staff members are also quite objectively assessed (based on assessment criteria and using good formats including tests to check the knowledge) during the six monthly Performance appraisal exercise. The performance appraisal is linked to the increments in salary for the staff and also on the ex- gratia payment, equivalent to two months' salary or a portion thereof depending upon the performance, they receive. The low performing staffs are provided individual counseling to help them improve their performance. It is to be noted that an objective assessment of performance is not done for all staff, particularly the senior staff.
- Another observation is that while the organization has fairly clear employment norms and these are also followed diligently, there is not a comprehensive document including all these policies in one place.

Recommendation

- It is recommended that the performance appraisal should be made mandatory for all staff, regardless of designation/seniority. And for middle and senior staff, the system may include not only self assessment and assessment by senior but also assessment by peers and by the juniors, thus making it a 360 degree appraisal system.
- AF may develop a formal document called as the HRD manual or Employees' Entitlements and rules, get it approved from the Board and then share it with all employees. It should also be made sure that there is evidence that all staff have read and accepted these policies and norms.

7.13. Assess The Leadership Pattern: How Is Second Line Leadership Developed?

- The organization has a core team constituted of department heads and also several other senior staff in the central office. The Core team works as the management team of the organization and plays an active role in taking many decisions and also in developing various mechanisms (such as for performance appraisal), systems and policies.
- The Core team also doubles up as the executive committee and gets to engage with the Board of trustees and become a part of policy discussions and decisions.

7.14. Is the number, placement, mode of employment and the roles/functions as well as the professional background of staff adequate? If not, why not?

- The numbers of staff is sufficient.
- They are appropriately placed in an orderly hierarchical manner and divided into various departments according to the focus of the program
- Their roles and responsibilities are clearly articulated
- The staff has professional background.

An area of concern is about the high turnover of field staff. At one stage the organization had field staff with high school education. They were performing quite well but on an occasion of large scale recruiting, the organization thought of upping the bar to Degree from a college, merely to filter the candidates as the number of graduates searching for jobs are plenty but high schools are even much more. However, now the organization finds that graduate degree staffs very quickly get better offers and are not keen to put in as much hard labour that the job demands. Hence the organization is experiencing very high turnover at the field staff level and the organization is now thinking of recruiting High school students again to be able to retain them.

7.14.1. What is the percentage of women in the entire staff and in senior posts

The percentage of women in general is low. There are 35% women in field staff, 21% women in central staff and overall the percentage of women is 31%. The women in senior positions are conspicuous by their absence.

Recommendation

This area has to be looked into by the organization. The organization does have a comprehensive gender policy which has measures to make AF a woman friendly place to work in and provide positive discrimination to women. The measures included in it need to be implemented to improve the percentage of women in the team, particularly on the higher positions.

7.15. Are the staff benefits adequate (whether the organization has adequate staff welfare schemes)?

- The staff benefits are quite adequate. Besides the Salary, the organization provides performance linked Ex-gratia payments twice a year. Salary increments are also performance linked. In addition, there are medical bills getting reimbursed, both for hospitalization and treatment at home. Also there is support for children's education and special support for meritorious children. As part of

statutory provisions, Provident fund is deducted and provided to all staff and also gratuity is provided more than what is legally mandated (legally, it is half month's basic salary for every completed year a minimum of five years whereas AF provides a full month's salary). Some of the staff also get a staff quarter facility within AF or RDT campus.

- Interviews with the staff revealed that not all staff are fully aware of the Provident fund and gratuity norms. All staff know that an amount is deducted from their salary for provident fund but do not fully know that the employer also makes an equal contribution. Similarly not all staff knows about gratuity facility and some of them think it is available to all staff regardless of whether one completes five years of service or not.

Recommendation

- The staff may be oriented on the employee benefits at a periodical interval.
- The organization may also make it a policy included in the HRD manual that the salary structure will be reviewed once every 3 or 4 years and the salaries may be kept same or revised depending upon the prevailing situation.

7.16. Sustainability & Future Organizational Strategy

7.16.1. Does the project partner work on the basis of a financial sustainability plan in order to secure the organization's long term survival? If not, what are the various options of increasing the scope for future financial self-sustainability of the project partner?

- While the project partner does not have a written down financial sustainability plan, the organization is very much aware of the financial and funding situation and is constantly thinking in a strategic manner of augmenting the resources of the organization.
- In the last few years, the organization has successes in mobilizing resources other than the conventional International NGO funds. The success has been in the area of getting government funds for watershed development projects. The Organization has also almost succeeded in mobilizing small funding for the Biogas project under Clean Development Mechanism under the Kyoto protocol (the potential volume of funding has unfortunately gone down due to global recession). Being a part of Fair Climate Network and registered for a Gold Standard CERs organization, the organization has potential to mobilize funds from Indian companies. Fair Climate Services has recently sent a 1 million Rupee remittance for construction of biogas units. While the amounts received under these arrangements are yet not too large, the organization together with Fair Climate Networks is capable to think and act strategically on this front.

7.16.2. Institutional and Financial Sustainability: How sustainable is the organization?

- The organization, like any other donor funded NGO is dependent on some or the other donor funding. It must however be mentioned that the organization does utilize its assets and property quite well and runs a training centre which yields an annual income of around 2 million rupees. And as mentioned above, the organization is also busy looking into alternative funding sources so as to diversify its risks.
- The Institutional sustainability is quite well taken care of by balancing both the structural and

cultural aspect of the organization. The organization has a clear vision and mission, clear set of values which are known to all staff, clear structure with divided and delegated responsibilities, development of second and third line of leadership, written rules and policies and norms (some though need to be more formalized as mentioned above – HR manual, Conflict of interest policy etc), functional PME system, clear decision making pattern with sufficient coordination among different departments and personnel).

- One of the suggestions is to look into the organogram and have one person, possibly the person in-charge of Sustainable agriculture to lead the team of ATLS, AEOs and the STOs. And the task of approving their leaves, advances and other administrative responsibilities may be delegated to this position, thus freeing the Director from these tasks and allowing time for more strategic functions.
- Further, as time goes by, AF should think of new departments such as HRD / training unit, fund raising etc.

7.16.3. Assess the project partner's strategic plans for the future

- As mentioned earlier, the organization does not have a formal written down strategic plan and yet AF is a strategically thinking organization with capable and visionary leadership and the organization is working on a wide variety of Organizational development issues.
- It may though be a good idea to develop a 3 year strategic plan based on a comprehensive strategic review. The review will reveal specific areas for further strengthening. Some of the ideas for strategic action currently are strengthening the Board with sectoral expertise and women representatives, staff reform at STO level, fund raising, reviewing the organogram and strengthening the policies on HRD, conflict of interest and practice of PME.

Conclusions and recommendations

A. Program

TOR (Chapter)	Evaluation Report	Priority (high/low: 1-	Conclusion	Recommendation	Rec. to
3.3 .2	5.1	1	<p>Drought and poverty are a recurring occurrence in the district and newer methods of coping with the stress and uncertainties are constantly needed. The project has achieved its objectives of supporting farmers in the shift to SA practices. Farmers have recorded:</p> <ul style="list-style-type: none"> • improvements in soil quality, • decrease in farm expenses, • grow diversity of food crops and have better access to a variety of foods 	<p>Recommendation 1: Search, experiment and through a process of trial and error develop technologies, practices, systems and programs to address the issue</p>	AF-EC
3.3 .2	5.2	2	<p>There is a growing interest among farmers in the project villages to include a livestock component in the SA practices</p>	<p>Recommendation 2: Augment the scope of activities under SA to include livestock rearing as an alternate income generation activity.</p>	AF-EC

3.3 .2	4.4	1	<ul style="list-style-type: none"> • Member participation in SMG and GSMS meetings is low • Insufficient participation of CBOs in project planning • The participation of women in project activities has been good. 	<p>Recommendation 3:</p> <ul style="list-style-type: none"> • Strengthen the CBO structure and capacities of CBO leaders. • Assign them with the task of identifying specific areas of development that need to be addressed, and help them prepare a plan for those developments. • Continue to focus on women development in all future work 	AF-EC
3.3 .2	4.5	1	Training program focus only on a few techniques of SA and depend on just one mode of training	Recommendation 4: Broaden the scope of training to improve quality management from land preparation to post harvest activities. Explore other methods of training - for eg. farmer to farmer, Audio visuals etc.	AF-EC
3.3 .2	4.7	1	The livelihoods program for girls needs to focus on providing gainful employment.	Recommendation 5: Explore possibilities for institutional tie up with organizations /manufacturing units	AF-EC
3.3 .2	4.8	2	There is increased awareness among project farmers about the need for and the benefits of collective action.	Recommendation 6: Focus on activities like co-operatives and PGS system	AF-EC
3.3 .1	5.1	1	The project is highly relevant in the region and needs to be supported to achieve its mission and vision and activities.	<p>Recommendation 7:</p> <p>Continue to support the SA activities</p> <p>Extend support to experiments on new technologies that address issues of rain fed farmers</p> <p>Continue to acknowledge that programs of this nature take time to achieve results.</p>	EED ICCO

Conclusions and recommendations

B. Finance

NOTE:

- I. Reference number of paragraphs in TOR are 2(9) read with 3.4.6
- II. All the recommendations are to Finance Manager (FM) and Director (D) unless otherwise stated. Detailed report is in section 6. Relevant sub paragraph numbers are given in column 1.
- III. Overview covers only those paragraphs of detailed report where there are recommendations.

Evaluation Report (paragraph number)	Priority High/Low (1-3)	Conclusions	Recommendations
6.1.1.5	1	Accounting software has no provision for charge of depreciation and it does not allow debits to multiple heads except cash.	Accounting software needs correction.
6.1.1.4	1	Investments in fixed deposits with banks are normally for one year.	Investments are to be reviewed to create long term deposits to increase return.
6.2.4	1	Local projects like IWMP and NABARD show deficits.	Follow up required to recover budgeted grants due from them.
6.3.3	1	There is no internal audit system now.	A quarterly internal audit with action taken report required.
6.3.4	2	Financial manual requires improvements and additions.	Addition of chapter on disposal of records, detailed form of fixed assets register, list of books maintained, travel entitlement etc. Amendments will have to be approved by board of trustees.
6.5.2	2	Limits for cash holding (Rs.300000) and cash payment (Rs.5000) are	Cheque payment to be the rule and cash payment an

		high.	exception. Holding and expenditure limit to be reduced.
6.5.4	2	Saving bank/current account bank balances are high.	Short term fixed deposits needed.
6.6.3	1	Intra programme (Rs.27.15 lakhs) advances appear in balance sheet.	To be clarified as they are normally set off.
6.6.3	1	As at year end programme advances (Rs.4.13 lakhs) are outstanding	To be squared off or confirmed as at year end.
6.8.2	3	Meetings of procurement committee are informal.	Minutes required. To facilitate effective purchase monthly stock reports and physical verification are needed.
6.9	3	Separate register is available for investments.	Investment committee minutes to be maintained. Committee to consist of director, trustee and accounts manager as per manual.
6.11.1	1	Accounts are manually maintained in field offices.	Field office accounts to be computerised. Computerised stock register with opening/closing stock, receipt, issues and signatures of receiver.
6.12.2	2	Percentage of administrative expenses to total expense has gone up from 17% (31-03-2012) to 24% (31-03-2013).	Administrative expenditure is to be analysed and variances calculated.
6.13.3	2	Record of fixed assets in excel format is incomplete as it does not reflect assets acquired prior to 2003. RDT's (Parent Organisation of AF) assets are also included.	Physical count of all assets separating assets of RDT and listing them in a computerised register. Financial balances to be tied up with fixed assets register with Rs. I value for old assets not on record and write off where required.
6.14.2	1	Total income for computing the	Total income to be computed

		utilisation norm excludes government grants and sale proceeds of investments.	on book/commercial income basis as per CBDT Circular.
6.14.2	1	Exemption under section 11(1A) claimed on reinvestment of capital gains	Exemption under section 11(1A) applies only if the net consideration (not capital gain only) is reinvested.
6.14.2.3	1	Gratuity funds are invested Birla Sunlife. Original policy document not available.	Birla Sunlife is not approved under section 11(5). Original policy document to be located.
6.14.2.4	1	Section 194 I applied for TDS on vehicle hire.	To apply section 194 C which is more specific with lower threshold limit.
6.14.2.5	1	Substantial receipts under the head catering, meeting hall, driving school etc are earned. Impact of section 2(15) of Income Tax Act and service tax not examined.	Impact of section 2(15) of Income Tax Act and service tax to be examined.
6.15.3	1	Funds released by government to CBOs directly are incorporated in an audited standalone (not in AF's consolidated accounts) statement as expenditure and income.	This is not appropriate. Further there is no basis for concluding that expense and income are equal and there is no balance lying with CBOs.
6.15.3	1	Delay in submission of reports to donors is noted.	Delay is to be avoided.

Conclusions and Recommendations

C. Organizational governance and management

NOTE:

- I. Reference number of paragraphs in TOR are 3.4, sub points 3.4.1 to 3.4.2
- II. All the recommendations are to Executive Director and PME coordinator.
- III. Overview covers only those paragraphs of detailed report where there are recommendations.

Evaluation Report (paragraph number)	Priority High/Low (1-3)	Conclusions	Recommendations
7.1	2	The Trust deed stipulates to hold one meeting of BoT every quarter. But the actual number of meetings held are only 2 in 2011-12, 3 in 2012-13 and 2 in 2013-14.	It is recommended to ensure adherence to the clauses in the Trust deed and holding at least four meetings in year, once every quarter.
7.1	1 (high)	The number of women in the BoT is only 1 out total of 5, which is too less.	More women should be brought on the board, making the gender ratio more equal.
7.10.2	1 (high)	Role and participation of women in Governing Body/Board/senior management is an area of concern. There are very few women in Governing board and in top management.	The representation of women in the board can be increased by increasing the strength of the board and by ensuring that all new members are women. For senior management, the vacancies should be filled by bringing in women staff on a priority basis
7.1	3	The minutes are maintained in typed sheets but not in a register with pages numbered, which is necessary to prevent any tampering with the minutes.	It is also recommended that the minutes should be maintained in a register with numbered pages, and all the pages should be signed by the Chairperson and by the

			secretary.
7.1	2	There is no system of formal compliance report and action taken report to the board.	The administration and finance department should present a compliance report, reporting on all of the statutory compliances. The Director should present an Action Taken report in relation to all the resolutions made in the previous meeting. The notice letter including the agenda should also mention that an Action taken report and the minutes of previous meeting are attached for the members perusal.
7.1	1 (high)	As per the Trust deed, the minimum number of members is 4. The current number is 5. This number of trustees can be increased to at least 7 or 9. In the process, AF can bring on the board people with requisite experience on Organization Development, Program, HRD, Finance etc.	These people could also be from outside of RDT to bring in a wider experience and expertise. The increasing of numbers could also be used as an opportunity to bring more women on the Board.
7.2	2	The organization has a conflict of interest policy. The policy has 10 clauses of what constitutes conflict of interests. But there are no provisions on how to prevent conflict of interest and the punitive action to be taken if willful suppression of information pertaining to conflict of interest is noticed.	It is recommended that AF develops a comprehensive policy on preventing conflict of interest. This policy should be approved by the BoT and should be fully shared with all staff.
7.8	2	It must be noted that there was a strategic planning exercise in 2008 facilitated by Mr. Ajit Mani. There is also an internal exercise of Strategic plan in 2012-15 but that is a rather brief document with only strategic	It is recommended that AF makes it a standard procedure to carry out a once in 3 years Strategic planning exercise to coincide with the Project preparation for BftW. This strategic planning exercise should be preceded with a

		objectives and strategic priorities.	strategic review covering aspects of Organization development, Governance, Organization structure, Management, PME and HRD and situational analysis covering the field situation and the larger context. Then the strategic plan too should focus not only on programs but also on all the above mentioned aspects. This strategic review and strategic planning will make sure that the systems of learning and improvement are Institutionalized.
7.10.1	2	While consultations with the community are held, community does not prepare its own plan.	The practice of micro planning at the community level may be introduced. The micro plan will be a plan developed by the community with AF staff playing a facilitative role. These plans will make the process to be “community owned”. The CBO should also monitor its own plans so as to take total ownership.
7.11	2	On the PME aspects, the accuracy of the reports and the analysis and decision-making needs to be improved. The details are in the main report.	The effect statements need to be clearer. The monitoring needs sharper tools for qualitative outcomes and impact statements. The data analysis and decision making needs to be better documented.
7.12	1 (high)	There is a good Performance appraisal system for junior staff. But the senior staff is not covered by the performance appraisal.	It is recommended that the performance appraisal should be made mandatory for all staff, regardless of designation/seniority. And for middle and senior staff, the system may include not only self-assessment and assessment by senior but also assessment by peers and by the juniors, thus making it a 360 degrees appraisal system.
7.12	3	AF has good employment policies and practices. But these policies are	AF may develop a formal document called as the HRD

		not available in one comprehensive document.	manual or Employees' Entitlements and rules, get it approved from the Board and then share it with all employees. It should also be made sure that there is evidence that all staff have read and accepted these policies and norms.
7.16.2	2	The leaves and advances of field staff are approved by the director. Also the staff of sustainable agriculture directly reports to the Director.	One of the suggestions is to look into the organogram and have one person, possibly the person in-charge of Sustainable agriculture to lead the team of ATLs, AEOs and the STOs. And the task of approving their leaves, advances and other administrative responsibilities may be delegated to this position, thus freeing the Director from these tasks and allowing time for more strategic functions.

PROCEDURAL CHART SHOWING APPROVAL DELEGATIONS

S.No.	Particulars	Approving Authority
1.	For operating Bank Accounts at Head Office	Two signatories. One is Director and the other will be one of the Trustees.
2.	For operating Bank Accounts at Field Office	For Kalyandurg & Kundurpi: One is Trustee and the other is concerned ATL/Asst. Director For Dharmavaram & Atmakur: One is Director and the other is concerned ATL/Asst. Director.
3.	Approval for Head office Expenses	Up to Rs 500/- approval either by Director or Accounts Manager and Above Rs 500/- by the Director only
4.	Approval for Field Office level expenses	Up to Rs 30,000/- by Area Team Leader Above Rs 30,000/- by the Director.
5.	Purchase of Capital items at Head Office / Field offices	Recommendations by the purchase committee and approval by the Director
6.	Advance to the field office	Taking PME recommendation, Director will approve the FO request
7.	For investments like Fixed Deposits	Recommendations from Accounts Manager and approval by the Director
8.	For vehicle rental payments	Recommendations made by Vehicle Committee and Approval by the Director
9.	Advances taken by Head Office Staff & field Staff taken at HO and settlements	Concerned sector head and approval by Director
10.	Salary Advances	Recommendation by the Accounts Manager and approval by the Director

S.No.	Particulars	Approving Authority
11.	Expenses incurred by ATL	Director approves the expenses
12.	Advances taken by staff at field office level	Approval by the Area Team Leader
13.	Office Maintenance - Head office	Recommended by Campus Manager and approval by the Director
14.	Office Maintenance – Field office	Approval by the Area Team Leader

Annexure 3

External Evaluation Visit Schedule – 18.08.2014 – 29.08.2014 (Evaluator – Ms. Shylaja R.Rao)

Date	Time	Area	Village	Village Category	Elements of Evaluation
18.08.2014	3.00pm to 5.30pm	Dharmavaram	Raminepalli		District Collectors visit
19.08.2014	9.30am to 5.00pm	Meeting and discussion with Core Team on evaluation planning			
20.08.2014	8.00am to 7.00pm	Dharmavaram	Akuthotapalli	Good	Program activities
			Dharmapuri		Protective irrigation and livelihoods
			Bilwampalli	Below average	Program activities
21.08.2014	8.00am to 7.00pm	Dharmavaram	Muchurami	Average	Program activities, LCF, Tree crops
			Kuderu	Madigubba	
			V.E. Thanda	Below average	Program activities
22.08.2014	8.00am to 7.00pm	Kuderu	Cholasamudram	Good	Program activities, biofertilizers
			Siddaramapuram	Average	Program activities
23.08.2014	8.00am to 7.00pm	Kalyandurg	Narsapuram	Below average	Program activities
			Gundlapalli		Garment making
			Brahmanapalli	Average	Program activities
24.08.2014	8.00am to 7.00pm	Kalyandurg	Varli	Inactive	Program activities
			Mallapuram		ICRISAT program
			Devadulakonda		RFC
25.08.2014	6.30am to 8.00pm	Kundurpi	Cherlopalli		IKG
			Mayadarlapalli	Good	Program activities
			Bommajipalli		Mutual cooperation and FFS
			Appilepalli		Tree crops, IFS
		Rudrampalli	Average	Program activities	
26.08.2014	8.00am to 7.00pm	Kuderu	Korrakodu		Ground water sharing
			Ipperu		Dry sowing and sprinklers
			Brahmanapalli		Farm pond
27.08.2014	9.00am	Ananthapur	AF Campus		Meeting with STOs (12 nos)
	11.30am to 1.30pm				ASMS(CBOs Apex Body) meeting
	2.30pm				Meeting with ATL/ATOs and SA Team
28.08.2014	8.30am to 10.30 am	Ananthapur	Ayyavaripalli		Visit LCF plot
	11.30 am to 1.30pm		AF Campus		LCF lab visit and Driving school Valedictory
29.08.2014	5.00 pm to 7.00pm	Ananthapur	AF Campus		Debriefing