

The Government of India and World Bank sign \$100 Million Project to Boost Rural Economy of Tamil Nadu

The Government of India and the World Bank signed a \$100 million Loan Agreement that is expected to promote rural enterprises, facilitate their access to finance, and create employment opportunities for youth, particularly women, in selected blocks of Tamil Nadu across 26 districts, directly benefitting over 400,000 people.

The Tamil Nadu Rural Transformation Project will create an enabling environment for producer organizations and enterprises to promote businesses across select value chains. Based on the analysis, communities will identify commodities and subsectors in the value chain for preparing business plans. 30% of the financing for these business plans will be through a matching grant program from the project and the remaining 70% will be leveraged from other financial institutions.

It will also specifically support eligible households from socially and culturally disadvantaged groups harness their existing assets, skills, and resources; break their entry barriers to value-added economic activities; enhance their ability to access finance, markets, technology, and related support services; help them graduate to value-added economic activities with higher returns such as garment manufacturing and food processing units, eco-tourism ventures, and businesses around creative industries. This project will support Tamil Nadu's rural enterprises access finance, build business skills and create jobs.

The Project will be operational in 120 blocks across 3,994 villages in 26 Districts of Tamil Nadu with 411,620 direct beneficiaries. It will work with targeted households that are already part of Self-Help Groups (SHGs). The project will be rolled out in a phased manner – 26 blocks will be taken up for implementation in all project districts in the first eight months, followed by 52 blocks by the end of 12 months, and the remaining 42 blocks by the end of 18 months from initiation of project implementation.

Selected innovations and start-up ideas will also be tested or scaled up under a newly created platform known as the Tamil Nadu Rural Transformation Marketplace. This platform will identify, showcase and celebrate innovative solutions related to themes that have the potential to impact rural economic growth in the state. Innovative ideas related to promoting rural artisans, local nutritious food systems and traditional health practices will be considered. The project will draw lessons from several rural livelihoods programs in India and build on the successes of the recently closed Tamil Nadu Empowerment and Poverty Reduction Project.

The Project will support building an ecosystem that will provide business development services to entrepreneurs in rural and semi-urban areas for promoting rural enterprises and creating employment opportunities. It will specifically target at least 60% women entrepreneurs from the SHG network in Tamil Nadu who have the potential to move into the next level of economic integration.

An e-governance architecture with the use of ICT along with a robust Management Information System (MIS) will help monitor and track results real time. The \$100 million loan from the International Bank for Reconstruction and Development (IBRD), has a 5-year grace period, and a maturity of 19 years.

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Warm regards,

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