



RAJASTHAN GRAMEEN AJEEVIKA VIKAS PARISHAD: Building financially sustainable community institutions

In 2016, Letz Dream Foundation embarked on a partnership with the Rajasthan Grameen Aajeevika Vikas Parishad (RGAVP) for establishing financially sustainable community institutions and improving accessibility of funds for rural communities. For the programme, 42 Cluster Level Federations (CLFs) comprising 1,60,000 households in 10 districts- Churu, Kota, Tonk, Jhalawar, Bhilwara, Udaipur, Rajsamand, Baran, Dungarpur and Banswara- were identified.

In 2018, after only two years of implementation, Letz Dream Foundation successfully met the objectives of the partnership and exited Rajasthan. This model, which was piloted in 10 districts, was then replicated by RGAVP state-wide in 33 districts. Further, as these CLFs were able to attain sustainability, World Bank decided to withdraw 50% fund support as these community institutions were generating sufficient revenues to cover their operational costs.

The challenge

In Rajasthan, while the RGAVP had started the implementation of the National Rural Livelihood Mission by collectivising women and given them access to funds for livelihood activities, there persisted several complications. These challenges were:

- **Institutional:** CLFs were non-operational/defunct, had limited engaged members, and were functioning without dedicated office space
- **Financial:** 60% of self-help groups (SHGs) under the CLFs were unable to open a bank account and only 44% had received loans from commercial banks, essential books of accounts and records were not suitably maintained, community investment funds and start-up funds meant for setting up and operationalising CLF offices remained untapped
- **Operational:** Acute shortage of field staff, CLF office bearers were not suitably trained or equipped to perform their roles and manage the requirements of members of SHGs.

The implementation

Letz Dream Foundation identified three priority areas to create deep irreversible change to make these institutions inherently sustainable in their operations:

1. Institutional Strengthening:

- Employment of staff, community cadres, and technical paraprofessionals.
- Training of CLF members and office bearers on fund management, governance, roles and responsibilities, preparation of annual action plans, micro credit plans etc.
- Establishment of 'procurement committees' who helped utilize the start-up funds for setting up CLF offices.

Rajasthan

Implementation piloted in 10 districts, scaled up state-wide to all 33 districts



2. Bank Credit Linkages

- Training of dedicated 'Bank Sakhis' to facilitate commercial loan applications.
- Creation of a cadre of 'Business Correspondents' to facilitate doorstep transactions for 160,000 households.
- Credit risk and banking management committees to oversee bank loan defaults.

3. Livelihood interventions and unlocking MGNREGA Funds:

- Establishing cluster-based livelihoods models including custom hiring centres for farm machinery, custard apple value chain, development of farmer producer companies, and promotion of micro entrepreneurs.
- Ensuring timely release of MGNREGA funds as per job cards allotted.

The impact

Institutional Strengthening and Capacity Building:

- **100%** targets met for setting up new SHGs
- **99.3%** of defunct/non-operational SHGs revived
- **400+** CLF staff members and **2000+** community cadres recruited
- **5000+** training sessions conducted for over **15,000 women**

Financial Sustainability:

- **₹40crore** of project funds unlocked
- **₹25crore** of credit provided through bank linkages
- **₹ 21.6 crore** of funds disbursed through rotation
- **95%** of loans disbursed to village level organizations repaid (up from 75%)
- Greater amount of MGNREGA funds were disbursed in the 42 intervention clusters

Letz Dream Foundation is a public charitable trust that helps central, state and local governments to deliver their priorities more effectively and efficiently.

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Livelihood Intervention Case Study: Custard Apple Value Chain in Udaipur, Rajasthan

Custard apple is a common forest produce in Udaipur. It was identified by Letz Dream Foundation as a means to encourage entrepreneurship and provide supplemental income to the communities.

A pilot for the 'Custard Apple Value Chain' was carried out in 15 villages covering 500+ households. This involved:

- Training and capacity building sessions, which were conducted for the CLF and SHG members for product processing (pulp extraction, packaging and storage)
- Establishment of Village-Level Collection Centres for the procurement of custard apple.
- Setting up of processing centres where pulp from the fruit was extracted, packaged and stored.
- Selling the processed product to identified commercial buyers in Udaipur and Ahmedabad, completing the value chain.



This intervention resulted in a profit of ₹41 per kg of processed product sold, as well as a profit of ₹20-40 per kg of custard apple for the farmers, making it a highly gainful activity for the community. Each household was able to generate ₹5,000-10,000 of supplemental income per harvest season.

This model has now been scaled to over 1500 households in Udaipur district.