



UMBRELLA PROGRAMME FOR NATURAL RESOURCE MANAGEMENT (UPNRM)

SITUATION

Despite India's rapid economic growth, nearly 354 million of its 1.2 billion population continues to live on less than a dollar a day. Of these, 78 per cent live in rural areas and depend on agriculture and natural resources for their livelihoods.

The Government of India's National Environment Policy (NEP) states that "environmental degradation is a major causal factor in enhancing and perpetuating poverty, particularly among the rural poor". Another challenge faced by the rural poor is the issue of long-term investment in agriculture which is decreasing as compared to short-term investment (short-term crop loans) and hampering gross capital formation in agriculture and allied activities. Furthermore, there are still insufficient Natural Resource Management (NRM) based projects in agriculture and rural areas, which are economically viable and ecologically sustainable. Thus, to help the rural poor sustain their livelihood, without compromising on natural resources there is a need for enhancing investment by channelising finance through banks.

OBJECTIVE

To address some of these challenges faced by the NRM sector and its financing requirement in India, the National Bank for Agriculture and Rural Development (NABARD), KfW (Development Bank) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH are implementing the Umbrella Programme for Natural Resource Management (UPNRM) through a tripartite arrangement. The Indo-German programme brings in a paradigm shift from grant to loan-based financing in the NRM sector. It aims at supporting financially viable and ecologically sustainable business models, to reduce poverty, increase farm incomes, strengthen agricultural value chains and conserve natural resources thus, leading to sustainable development.

APPROACH

UPNRM is guided by five principles which ensures that the projects are pro-poor, promotes sustainable environment, practices good governance, promotes participation of communities and are need-based.

UPNRM has developed an approach that provides a mix of financial and technical support which comprises of capacity building, marketing, creating infrastructure and designing risk mitigation strategies.

The UPNRM ‘credit plus’ facility provides projects and businesses loans with an integral grant. The grant component is utilised to build the competencies and capacities of the implementing agencies (channel partners) and to help the beneficiaries in managing their rural businesses as well as livelihoods. Unlike conventional financial products, UPNRM loans are flexible and can be tailored according to the requirements of the projects.

GIZ’s capacity building programme strengthens the channel partners’ skills and efficiency in implementing NRM projects through loans. Furthermore, the programme promotes convergence with public and private agencies. This helps to develop technical and managerial competencies of Community Based Organisations (CBOs) by facilitating partnerships with corporate and governmental agencies, to strengthen agricultural value chains.

ACHIEVEMENTS

- In line with Government of India’s vision to enhance the farmers’ income by 2022, a number of bankable NRM business models have been developed under the programme for wider replication and for scaling up across the country.
- Approximately 20 per cent of the total UPNRM projects are related to water sector such as

pond construction/renovation, integrated fish farming and application of micro irrigation in cultivating vegetables, cotton, sugar cane, banana crops, System of Rice Intensification (SRI) etc. These projects have saved 410 million cubic water through integration of efficient water management practices.

- Commercial and cooperative banks have started adopting the UPNRM business models for resource-efficient and climate-resilient rural development (in areas such as agriculture, livestock, efficient irrigation and food processing).
- Private companies have invested 1.8 million EUR from Corporate Social Responsibility (CSR) funds (philanthropic interventions of private organisations) for the implementation of UPNRM projects.
- NABARD has taken up the UPNRM business models with priority sector lending of commercial banks for wider replication through commercial financing. GIZ and NABARD have developed guidelines, modules and frameworks (Environmental and Social Governance Framework (ESG), Gender, Market Capacity Assessment, Project and Borrower Appraisal System) on NRM financing based on the learnings of UPNRM.
- The programme has developed unique operational design and implementation structures (like Bank-NGO, Corporate- FPO model) for risk proof bank financing for implementing climate resilient business models.

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Webpage	www.giz.de/en/worldwide/16606.html