

COMMUNITY GRANT MANUAL

LIST OF ABBREVIATIONS

ABBREVIATION	FULL FORM
TN-SHORE	TAMIL NADU SUSTAINABLY HARNESSING OCEAN RESOURCES AND BLUE ECONOMY PROJECT
TNCRM	TAMIL NADU COASTAL RESTORATION MISSION
SPMU	STATE PROJECT MANAGEMENT UNIT
PMU	PROJECT MANAGEMENT UNIT
PEA	PROJECT EXECUTING AGENCY
CDD	COMMUNITY-DRIVEN DEVELOPMENT
ICE	INFORMATION COMMUNICATION EDUCATION
VLI	VILLAGE LEVEL INSTITUTIONS
VMC	VILLAGE MANGROVE COUNCIL
VFC	VILLAGE FOREST COUNCIL
EDC	ECO-DEVELOPMENT COMMITTEE
ETMC	ECO-TOURISM MANAGEMENT COMMITTEE
JFMC	JOINT FOREST MANAGEMENT COMMITTEE
SHG	SELF-HELP GROUP
MSME	MICRO, SMALL AND MEDIUM ENTERPRISE
EC	EXECUTIVE COMMITTEE

ABBREVIATION	FULL FORM
MS	MEMBER SECRETARY
PRA	PARTICIPATORY RURAL APPRAISAL
RF	REVOLVING FUND
AWP	ANNUAL WORK PLAN
UC	UTILIZATION CERTIFICATE
DBT	DIRECT BENEFIT TRANSFER
ESCP	ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN
E&S	ENVIRONMENTAL AND SOCIAL
NGO	NON-GOVERNMENTAL ORGANIZATION
UNDP	UNITED NATIONS DEVELOPMENT PROGRAMME
GoTN	GOVERNMENT OF TAMIL NADU
GoMBRT	GULF OF MANNAR BIOSPHERE RESERVE TRUST
NABARD	NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
FSSAI	FOOD SAFETY AND STANDARDS AUTHORITY OF INDIA
RFQ	REQUEST FOR QUOTATION
FPSC	FINANCE & PROCUREMENT SUB-COMMITTEE
PMIS	PROCUREMENT MANAGEMENT INFORMATION SYSTEM
SOR	SCHEDULE OF RATES
PWD	PUBLIC WORKS DEPARTMENT

ABBREVIATION	FULL FORM
FSR	FOREST SCHEDULE OF RATES
TWAD	TAMIL NADU WATER SUPPLY AND DRAINAGE BOARD
WLW	WILDLIFE WARDEN
DFO	DIVISIONAL FOREST OFFICER
DBT	DIRECT BENEFIT TRANSFER
CA	CHARTERED ACCOUNTANT
IFS	INDIAN FOREST SERVICE

COMMUNITY GRANT – FINAL

INDEX

1. INTRODUCTION
2. KEY LIVELIHOOD INTERVENTIONS
3. OBJECTIVES
4. COMMUNITY DRIVEN DEVELOPMENT APPROACH
 - 4.1 SUPPORT TO VILLAGE MANGROVE COUNCILS, VILLAGE MARINE CONSERVATION AND ECO DEVELOPMENT COMMITTEES (VMC–EDCs–VFC)
 - 4.2 PARTICIPATORY PLANNING
5. INSTITUTIONAL STRUCTURE
 - 5.1 INSTITUTIONAL OVERSIGHT
6. TARGET COMMUNITIES
7. FORMATION OF VILLAGE LEVEL INSTITUTIONS
 - 7.1 CONSTITUTION
 - 7.2 FORMATION OF COMMITTEE
 - 7.3 COMPOSITION & MEMBERSHIP
 - 7.4 REGISTRATION
 - 7.5 BYLAWS
 - 7.6 MEETINGS
 - 7.7 MICRO PLAN
8. EXECUTIVE COMMITTEE

9. SELECTION OF BENEFICIARIES

- **9.1 MICRO CREDIT / REVOLVING FUND**
- **9.2 COMMUNITY GRANTS**

10. TECHNICAL SUPPORT

11. ELIGIBILITY

- **11.1 ELIGIBILITY CRITERIA COMMUNITY GRANTS**
- **11.2 ELIGIBILITY CRITERIA MICRO CREDIT / REVOLVING FUND**

12. FINANCIAL MANAGEMENT CHANNELS FOR COMMUNITY GRANT AND MICRO-CREDIT / REVOLVING FUND

- **12.1 PURPOSE**
- **12.2 FUND FLOW MECHANISM**
- **12.3 ACCRUAL OF INTEREST**
- **12.4 COMMUNITY GRANT FINANCE MANAGEMENT CHANNEL**
 - **12.4.1 ACCOUNT STRUCTURE**
 - **12.4.2 FINANCIAL CONTROLS**
 - **12.4.5 TYPES OF ASSISTANCE FOR GRANTS**
 - **12.4.6 CONTRIBUTION REQUIREMENTS**
- **12.5 MICRO-CREDIT / REVOLVING FUND FINANCE MANAGEMENT CHANNEL**
 - **12.5.1 ACCOUNT STRUCTURE**
 - **12.5.2 FUND FLOW**
 - **12.5.3 LOAN MANAGEMENT**
 - **12.5.4 REPAYMENT & REFLOW MANAGEMENT**
 - **12.5.5 FUND MANAGEMENT OF MICRO CREDIT**

13. FUND DEPOSIT**14. FUND USAGE****15. FUND AND GRANT RELEASE & UTILIZATION****16. ACCOUNTING****17. AUDIT & COMPLIANCE****18. MONITORING AND EVALUATION****19. PROHIBITED USES****20. PENALTIES****21. REVISION****22. KEY INDICATIVE LIVELIHOOD VALUE – CHAIN FRAMEWORKS****23. CONCLUSION****1. INTRODUCTION:**

The Tamil Nadu Sustainably Harnessing Ocean Resources and Blue Economy (TN-SHORE) Project is an integrated initiative of the Government of Tamil Nadu aimed at enhancing the resilience of coastal communities against the adverse impacts of climate change, sea-level rise, coastal erosion, and degradation of marine and coastal ecosystems.

To realize its vision of inclusive and sustainable coastal development, the project adopts a comprehensive livelihood enhancement approach that emphasizes income diversification, employment generation, skill development, and community-led enterprise promotion. Special priority is accorded to women and vulnerable groups to ensure equitable access to financial resources, institutional support, and decision-making processes, thereby fostering long-term economic resilience, social inclusion, and responsible stewardship of coastal and marine resources.

The TN-SHORE Community Grant Manual serves as the principal operational framework governing the planning, disbursement, utilization, monitoring, and audit of community-level grants and micro-credit support under the TN-SHORE Project. The manual provides structured guidance for extending financial assistance to individual entrepreneurs, enterprise groups, and producer collectives to promote livelihood diversification and enterprise development in coastal villages. It further aims to strengthen and empower **grassroots Village Level**

Institutions such as Village Mangrove Councils (VMCs), Village Forest Councils (VFCs), Eco-Development Committees (EDCs), and Self-Help Groups (SHGs) through the provision of micro-credit and revolving funds.

2. KEY LIVELIHOOD INTERVENTIONS:

In line with the objectives of the TN-SHORE Project, the Community Grant framework supports a range of livelihood interventions aimed at improving incomes while protecting coastal and marine resources. These interventions are designed to promote sustainable development and social inclusion and include the following:

- (i) Sustainable Enterprise Development: Support for income-generating activities that also contribute to marine and coastal conservation, such as sustainable fisheries, aquaculture, ecotourism, and ICE related activities.
- (ii) Employment through Conservation Activities: Creation of self-employment and wage employment opportunities through coastal protection, marine conservation, mangrove restoration, and ecotourism-related activities.
- (iii) Skill Development for Women and Youth: Implementation of skill development and capacity-building programmes for women and youth to improve employability, increase incomes, and encourage participation in coastal protection and marine conservation efforts.
- (iv) Microcredit and Financial Support: Provision of microcredit and other financial assistance to vulnerable groups, particularly women, to help them start or expand small enterprises and improve household incomes.

The Community Grant Manual serves not only as a financial and operational guide but also as a framework for partnership between the TN-SHORE Project and coastal communities. It emphasizes transparency, inclusiveness, accountability, and environmental responsibility, and promotes community participation in achieving sustainable and resilient coastal livelihoods.

3. OBJECTIVES:

The Community Grant initiative has overarching objectives such as:

Entrepreneurial ventures: Entrepreneurial ventures that boost incomes while contributing to marine conservation, such as sustainable fisheries, aquaculture, ecotourism, and ICE related activities.

Financial Support for Coastal Livelihoods: Grants provide seed capital and working funds for micro, small, and medium enterprises (MSMEs) engaged in coastal resource-based activities such as aquaculture, seaweed farming, shell jewellery, seafood processing etc.,

Skill development: Skill development initiatives for women and youth aimed at enhancing their skills, increasing incomes, and fostering active participation in coastal protection and marine conservation efforts.

Strengthening Community Institutions: By channelling micro credit through VLLs, the program strengthens grassroots institutions, enabling them to act as custodians of coastal resources.

Ensuring Transparency and Accountability: The revolving fund model ensures that loans are repaid and reinvested, creating a culture of responsibility and financial sustainability.

Strengthen marine resources: Strengthen marine biodiversity conservation by fostering sustainable livelihood opportunities in eco tourism, ICE related activities etc.,

These objectives align with TN-SHORE's broader mission of climate resilience, biodiversity conservation, and community-driven development.

4. COMMUNITY-DRIVEN DEVELOPMENT APPROACH:

The implementation of community grants under the TN-SHORE Project will follow a Community-Driven Development (CDD) approach, wherein beneficiary communities are entrusted with direct control over development resources. This approach promotes sustainability and improves the effectiveness of interventions by enabling communities to plan and implement activities based on their local needs and priorities.

The CDD approach provides the necessary flexibility and adaptability for effective grant implementation and builds on knowledge and best practices gained from successful initiatives, including the **Tamil Nadu Rural Transformation Project (P157702)**, the **UNDP-funded Coastal Biodiversity Project of the Gulf of Mannar Biosphere Reserve Trust (GoMBRT)**, the **Tamil**

Nadu Biodiversity Conservation and Greening Project, and the Tamil Nadu State Rural Livelihood Mission.

4.1 Support to Village Level Institutions(VMC–VFC–EDC-SHG):

In addition to individual entrepreneurs, enterprise groups, and producer collectives, **Village Mangrove Councils (VMCs)**, **Village Forest Councils (VFCs)**, and **Eco-Development Committees (EDCs)** are eligible to seek financial support under the TN-SHORE Project. These community institutions may directly apply to the concerned **authority** for assistance.

*****Village Mangrove Councils (VMCs), Village Forest Councils (VFCs), and Eco-Development Committees (EDCs), Self Help Groups (SHGs) shall hereinafter be collectively referred to as Village Level Institutions (VLIs) for the purpose of this Community Grant Manual.***

The support enables the planning and implementation of community-level livelihood initiatives such as vocational training programmes, ecotourism activities, community-led ecosystem conservation efforts, and knowledge-sharing initiatives among coastal communities.

The Village Level Institutions may also seek funding for the creation of infrastructure that enhances coastal resilience and supports sustainable income-generating activities, including tourism, fisheries, seaweed cultivation, and aquaculture. Eligible infrastructure may include basic facilities, cold-chain and transportation infrastructure, and sorting or retail centres.

Upon approval and release, the funds shall form part of the **Revolving Fund** of the respective Village Level Institutions. All supported activities must be in conformity with the approved **Micro-Plan** of the concerned institution. On completion of the activities, the Village Level Institutions shall submit completion reports and utilization certificates to the project implementing agencies and subsequently to **TN-SHORE**. All procurement shall be carried out in accordance with the **Community-Driven Procurement Procedures** prescribed in the Community Procurement Manual (Annexure — of the Project Procurement Manual).

4.2 Participatory Planning:

- The Group 1 / Group 1A, and other Officers concerned from the PEAs other than Forest Department, shall conduct Participatory Rural Appraisal (PRA) exercises with the members of the Village Level Institutions.
- The Forester/ Ranger/ District Forest Officer / Divisional Forest Officer concerned will explain the concept of Village Level Institutions to the villagers and motivate the maximum number of people to become members.
- Based on the PRA, the priority thrust areas and management interventions of the Management Unit shall be finalized in consultation with the Committee members.

5. INSTITUTIONAL STRUCTURE:

The institutional framework ensures that responsibilities are clearly defined:

TN-SHORE State Project Monitoring Unit (SPMU): Provides overall guidance, policy direction, and monitoring.

District PEA: Acts as the operational hub, overseeing fund release, compliance, and recovery.

Village Level Institutions (Community Participation): Serve as intermediaries between beneficiaries and the project, ensuring fair distribution and local accountability.

Beneficiary Groups: Individuals, SHGs, enterprise groups, and producer collectives who directly utilize the funds for enterprise development.

5.1. Institutional Oversight:

To strengthen accountability and streamline fund management under Component 3 - Improving Livelihood, the following institutional hierarchy is proposed:

TN-SHORE PMU (Project Monitoring Unit):

- Serves as the apex authority for financial governance.
- Approves fund release ceilings, interest rate modifications, and compliance standards.
- Directly supervises District PEAs to ensure uniformity across districts.

District PEA (Project Executing Agency):

- Operates under the purview of the TN-SHORE PMU.
- Responsible for sanctioning loans, monitoring recovery, and ensuring adherence to procurement and accounting guidelines.
- Acts as the primary interface between community Village Level institutions and the PMU.

6. TARGET COMMUNITIES:

The program focuses on coastal and fishing villages in Tamil Nadu that depend on marine and coastal resources for livelihoods. A key project indicator is women's participation (30%), with strong encouragement for their involvement in mangrove plantation and coastal livelihood activities.

- The micro-credit program will be implemented through village-level institutions including Joint Forest Management Committees (JFMCs) and Eco-Tourism Management Committees (ETMCs).
- Community grants will support enterprises directly linked to coastal and marine resources. Beneficiaries must be members of coastal/fishing villages.

Key target groups:

1. Women-led businesses
2. Self-Help Groups (SHGs)
3. Enterprises led by differently-abled individuals or SHGs
4. Disadvantaged community members (individuals or SHGs)
5. First-generation entrepreneurs
6. Community enterprise groups
7. Producer collectives

7. FORMATION OF VILLAGE LEVEL INSTITUTIONS:

7.1 Constitution:

Village level institutions shall be established and registered under the Tamil Nadu Societies Registration Act, 1975 (Tamil Nadu Act 27 of 1975). The project intends to focus on the strengthening of capacities of the coastal communities, it is advised to form Village Level Institutions in 14 coastal districts in Tamil Nadu.

To control the activities of destructive pressure from priority habitats and over harvesting of marine resources, Village Level Institutions will be formed to implement the eco development activities for each target village (vide Proceedings Ref No. GTM4/1430/2023 , G.O.Ms.No.160 ENVIRONMENT, CLIMATE CHANGE AND FOREST (FR.12) DEPARTMENT-Annexure II , G.O.Ms.No.342 Environment and Forests (FR.VI) Department dated 08.08.1997 and G.O.Ms.No.343 Environment and Forests (FR.VI) Department dated 08.08.1997, along with the amendments incorporated vide document dated 31.08.2005.) (Appendix-Via)

7.2 Formation of Committee:

- In each identified Management Unit, a people's Village Level Institutions shall be constituted.
- The Committee shall be actively involved in planning, execution of works, protection, harvesting, and benefit sharing within the management unit, with special emphasis on degraded forest / mangrove areas.
- The concerned Forester/Range Officer shall initiate and facilitate the process of formation of the Village Level Institutions.

7.3 Composition & Membership :

- The Committee shall have one male and one female member from each household, subject to their willingness to participate.
- The Forester / Ranger / District Forest Officer / Divisional Forest Officer/other concerned shall explain the concept and objectives of VLLs to the villagers and motivate maximum participation in the Committee.

- As part of the TNSHORE project's commitment to women's livelihood enhancement, membership and active participation of women in mangrove plantation activities is strongly encouraged, with a target of ensuring that at least 30% of employees are women.
- Every adult member Male/ Female of the household living in the chosen area and having their livelihood on coastal & marine resources or allied activities is entitled to become a member of the VLIs. Each member shall pay annual non-refundable subscription of Rs.5/- towards membership which will operate in the VLI accounts.

7.4 Bylaws:

- By laws to be created by each district PEA
- To formulate and adopt duties, roles and responsibilities for VLIs
- To conduct of meetings, removal of Presidents, members and dissolution of committees.

7.5 Meetings:

- The General Body of the VLIs shall meet as and when required, but atleast once in 6 months.
- Proceedings of the meetings shall be properly recorded and maintained.

7.6 Micro Plan:

The preparation of comprehensive micro plan shall be done by involving selected NGO's. Experienced Organization / NGO's / Trusts who have experience and expertise on the subject matters in the past. The micro plan shall broadly include the details such as description of works, objectives, involvement of local communities, suitability of area for implementation. The micro plan shall also emphasize on alternate livelihood opportunities for providing revolving funds in the future. The same shall be approved by PEAs and copy shall be forwarded to TNSHORE for further necessary actions.

8. EXECUTIVE COMMITTEE:

- Each Village Level Institutions will elect an "Executive Committee", in such a manner that one hamlet elects at least two members, one of whom is a woman. Each Village Level Institution will elect a minimum of 5 (five) and a maximum of 15 (fifteen) members to the Executive Committee. The Village Panchayat members of the management unit will be co-opted as ex-officio members of the Executive Committee (EC). The members of EC (both elected and ex-officio) will elect its President from among themselves, who will also be ex-officio President of Village Level Institution. The Forest Ranger concerned who will be the Member Secretary of the EC, will also facilitate the election process of the members and President of EC
- If necessary, the District Forest Officer/ Divisional Forest Officer concerned may nominate one representative of a Development Department of the Government and one N.G.O. as member of EC
- The term of Executive Committee, will be three year or till the completion of the project period. The members of the committee shall be eligible for re-appointment.
- It will meet at least once in a month.
- The EC will be responsible for day-to-day activities of the Village Level Institutions.
- Constant efforts will be taken by EC to bring about unanimity in its decisions. However, in case of difference of opinion the decisions of the EC will be taken by, majority vote of the members present (elected members and ex-officio members).
- The Member Secretary (MS) shall prepare the Micro Plan for the management unit, after consultation with the members of Village Mangrove Councils. After preparation, the micro plan will require formal approval of the EC and then the technical approval of District Forest Officer / Divisional Forest Officer concerned.
- Decisions of EC to be placed before Village Level Institution: The President of EC will inform the Village Level Institutions, the decisions taken/activities undertaken by EC and a general consensus obtained.

9. SELECTION OF BENEFICIARIES:

- Applications are processed by the Executive Committee (EC) of the Village Level Institution (VLIs).
- Approved proposals are submitted to the District Level Officer of the Project Executing Agency (PEA) (e.g., DFO/Wildlife Warden/other concerned officers of equivalence) for evaluation and formal endorsement. Funds are disbursed to the VLI within 45 days, which then transfers the loan amount directly to the applicant's bank account.
- All submissions to the District Level Officer require a formal EC resolution, specifying the applicant, loan amount, purpose, and implementation responsibilities.

9.1 Micro Credit / Revolving Fund:

- Executive Committee assists applicants in improving business plans, market strategies, and the overall quality of applications.
- Repayments are credited to the VLI Revolving Fund, which supports further livelihood activities. Beneficiaries are expected to demonstrate the effective use of repaid funds for at least one new or expanded activity.

9.2 Community Grants:

- Executive Committee assists applicants in refining proposals, strengthening activity plans, and enhancing sustainability and market linkages.
- Community Grants are non-repayable and must be used exclusively for approved activities. Beneficiaries are required to ensure transparent utilization, submit utilization certificates, progress reports, and outcome documentation. The VLI monitors implementation to ensure tangible, sustainable community benefits.

10. TECHNICAL SUPPORT:

- DFO, Forest Range Officers and other concerned Officers may engage NGOs, public, and private entities for technical assistance.
- Support will focus on training and capacity building for project officers and VLIs

Qualified service providers may include:

- Community-based experts
 - Tamil Nadu Skill Development Corporation
 - Tamil Nadu Corporation for Development of Women
 - Vazhndhu Kaattuvom State Society
 - Magalir Thittam (MATHI)- MATHI SIRAGUGAL
 - Private sector experts, firms and NGOs
- Payments will be made directly by the Project Executing Agency to engaged entities, ensuring transparency and accountability.

11. ELIGIBILITY:

The eligibility criteria for accessing livelihood support under the TN-SHORE project ensure that the benefits are directed towards village level institutions, individuals, groups, and collectives actively contributing to sustainable development and marine conservation. The criteria outline specific requirements related to residency, financial status, operational readiness, and group composition to foster transparency and accountability while promoting inclusivity for women, marginalized groups, and first-generation entrepreneurs.

11.1. Eligibility criteria Community Grants:

Key criteria include:

Criteria	Individually Owned Enterprises / Individual Entrepreneurs	Enterprise Groups	Producer Collectives
Age	21 to 60 years	-	-
Residency	Must be a resident of the project implementing area	Must be from the project implementing area	Must be from the project implementing area
Financial Status	Should not be a defaulter of any major financial institution	No major overdue loans from previous borrowings	No major overdue loans from previous borrowings; Board of Directors should not have any adverse credit reports
Program Participation	Entrepreneurs already benefiting from other subsidy-linked loan programs may be considered on a case-by-case basis	-	-
Enterprise Commitment	Must start or expand an enterprise within six months of receiving the first tranche of funding	Must start or expand an enterprise within six months of receiving the first tranche of funding	Must start or expand an enterprise within six months of receiving the first tranche of funding

Criteria	Individually Owned Enterprises / Individual Entrepreneurs	Enterprise Groups	Producer Collectives
Skill Development Commitment	Applicants seeking skill development must be willing to enhance an existing enterprise or self-employment opportunity within six months of receiving the first tranche of funding	-	-
Group Membership Size	-	12 to 15 active members	At least 100 members (flexibility for remote locations)
Operational Period	-	Must be active for at least 6 months in the group's business or related activities.	Must have been active for at least 1 year at the time of application
Book of Record Maintenance	2 years	1-2 years	3 years
Banking Requirements	Must have a personal bank account for fund transfers	Must have an operational bank account in the group's name	Must have an operational bank account in the collective's name
Capital Collection	-	-	Must have collected share capital from at

Criteria	Individually Owned Enterprises / Individual Entrepreneurs	Enterprise Groups	Producer Collectives
			least 50% of its members
Legal Compliance	-	-	Must comply with legal requirements relevant to its legal form
Preference	-	-	Collectives promoted by institutions such as Fisheries Department, TN State Rural Livelihood Mission, NABARD, and NGOs will be given preference

- **Group Criteria:** Preference is given to SHGs, producer collectives, and enterprise groups that demonstrate cohesion and accountability.
- **Eligibility Screening and Selection:** Sub-projects will be screened and selected in line with the eligibility criteria outlined in the Grants Manual, as well as the environmental and social (E&S) instruments referenced in the ESCP.
- **Exclusion of Non-Compliant Activities:** No sub-project shall include or support activities that are excluded under the ESCP or any associated environmental and social instruments.

- **Community Grant Agreement:** The Project Executing Agency (PEA) will provide funding only through a Community Grant Agreement(Annexure – Ref), using the prescribed template and adhering to all conditions specified therein.
- Special emphasis is placed on women, differently abled individuals, and first-generation entrepreneurs, ensuring inclusivity and equity

11.2. Eligibility Criteria – Micro Credit / Revolving Fund of SHGs

Key criteria include:

- Registered Self-Help Groups (SHGs)
- Individual members of the VLI (with SHG or community endorsement)
- Age of individual shall be not less than 21 years and not more than 60 years
- Priority to women, SC/ST, and youth
- Should not be a defaulter of any major financial institution
- Must have an operational bank account in the group's name

Additional Provisions

- **Group Criteria:** Preference is given to SHGs that demonstrate cohesion, accountability, and strong internal governance.
- **Eligibility Screening and Selection:** Sub-projects will be screened and selected in line with the eligibility criteria outlined in the Micro Credit/Revolving Fund Manual, as well as the environmental and social (E&S) instruments referenced in the ESCP.

12. FINANCIAL MANAGEMENT CHANNELS FOR COMMUNITY GRANT AND MICRO-CREDIT / REVOLVING FUND

12.1 Purpose

To ensure transparency, accountability, and effective utilization of project resources, separate financial-management channels shall be maintained for:

1. **Community Grants**, and
2. **Micro-Credit / Revolving Fund** operations.

This separation prevents fund-mixing, supports accurate tracking of financial flows, and enables proper auditing under the TN Shore.

Both Community Grant and Micro credit / Revolving fund, will have separate

- Accounts
- cash books
- Bank passbooks and
- Register maintenance.

12.2 FUND FLOW MECHANISM

- **Accounting Year**

The accounting year shall be from **FY April to FY March** of every year. All financial transactions and reporting shall follow financial year.

- **Release of Funds**

In accordance with the approved **Micro Plan**, the **EXECUTING COMMITTEE / PEA** shall intimate the funding agency (TN SHORE) well in advance for fund requirements. Funds shall be released at appropriate intervals based on project needs and utilization for micro-credit and as single tranche for Community grants.

- **Depositing of Funds**

The Village Level Institutions shall maintain a Savings Bank Account in any Regional Rural Banks / nationalized bank, opened in the name of specific Village Level Institution.

All project funds shall be deposited into this account.

12.3 Accrual of Interest

Any interest accrued on the project funds deposited in the bank accounts shall be accounted separately. Interest shall be remitted half-yearly to the designated revolving fund account, as per stipulated guidelines, through Demand Draft or approved banking mode.

12.4 COMMUNITY GRANT FINANCE MANAGEMENT CHANNEL

12.4.1 Account Structure

- A **dedicated Community Grant - Bank Account** must be opened at the village level institution / community-based organization
- This account shall **not** be used for revolving fund or income-generating loans.

12.4.2 Financial Controls

- Payments must be authorized by at least two signatories- president and Member Secretary (Ex-officio)
- All expenditures must follow community **procurement norms** (Annexure – via) of the TN Shore program.
- Cash payments should be minimized; digital payments are preferred.

12.4.3 Types of assistance for grants:

The program supports diverse livelihood activities:

- **Individual Loans:** Up to ₹10 lakh for micro-enterprises.
- **SHG/Group Loans:** Up to ₹50 lakh for collective ventures.
- **Producer Collective Loans:** Up to ₹1 crore for large-scale initiatives.
- **Coastal MSME Options:** Aquaculture, shell jewellery, seafood pickles, mangrove nurseries, Cold Storage Units to save perishable sea foods and seaweed value chains.

By diversifying assistance, TN-SHORE ensures that communities can pursue both traditional livelihoods and modern value-added enterprises.

12.4.4 Contribution requirements:

The contribution for the applicants as follows:

- Individually Owned Enterprises/Individual Entrepreneurs: 20% of the total proposed cost
- Enterprise Groups/Self-Help Groups (SHGs): 30% of the total proposed cost

- Producer Collectives: 40% of the total proposed cost

However, this contribution may be reduced or waived at the discretion of the PEA, or the district level official in charge of VLIs in coastal districts based on the socioeconomic position of the applicant.

This framework aims to provide financial assistance that is both inclusive and responsive to the needs of vulnerable groups, while promoting ownership and accountability among beneficiaries

12.5 MICRO CREDIT / REVOLVING FUND - FINANCE MANAGEMENT CHANNEL

- A Joint Account in the name of the VLI will be opened in a local or nearest bank or post office with the President and Member-Secretary as signatories.
- Dedicated VLIs bank account must be maintained.
- The President and Member Secretary will together be responsible and accountable to the VLIs for all financial transactions.
- The Member-Secretary will be specifically responsible for the proper maintenance of accounts and shall have in his/her possession all records relating to finance.
- The records include Cash Book, Accounts Register, Pass Book. Cheque Book and a Record of harvest, sale and share of produce to the VLI with a list of beneficiaries.
- All transactions shall be strictly through VLI bank-to-bank transfers.
- Cash transactions allowed only below ₹5,000.
- Mandatory financial records: Cash books, ledgers, vouchers, bank reconciliation statements.
- An annual financial audit of the VMC accounts shall be conducted, preferably by an independent third party.

13. FUND DEPOSITS:

The Funds shall be maintained as a separate account head, into which the amount will be credited,

- Membership money
- Initial expenditure provided from the TN SHORE PROJECT.
- Grants and loans obtained for VLI activities from authorized sources as per the Grant/ Micro Credit / Revolving Fund.
- Money levied as fines and penalties

14.FUND USAGE:

The funds created for VLI will be utilized in the following manner;

- i) For maintenance, protection and improvement of the forest/mangrove area managed by them.
- ii) For extending assistance to forest/mangrove forest dependents and poor for alternate employment and poverty alleviation.
- iii) For community asset creation which may be applicable under TNSHORE project activities and approved by Executive Committee.
- iv) For meeting any contingent and ancillary expenditure by the Executive Committee.

The accounts of the Funds will be maintained by the Member-Secretary which will be audited by the District / Divisional Forest Officials annually.

15. FUND AND GRANT RELEASE & UTILIZATION:

Funds are released only after micro-plan approval by the District PEA.

- **Multi-Tranche Release:** Funds are disbursed in stages based on milestone achievements.
- **Single-Tranche Release:** Grants are disbursed in SINGLE TRANCHE
- **Procurement Guidelines:** All purchases must follow the TN-SHORE Community Procurement Manual to ensure fairness and cost-effectiveness.
- **Utilization Monitoring:** Beneficiaries must submit utilization certificates (UCs) to confirm proper use of funds.

16. ACCOUNTING & RECORDS:

Village Level institutions must maintain:

- **Cash Book & Ledger:** For daily transactions.
- **Vouchers & Utilization Certificates:** For expenditure tracking.
- **Bank Reconciliation Statements:** To ensure financial accuracy.
- **Monthly Reports:** Submitted to District PEA for review.

Documentation and Record-Keeping:

The VLLs must:

- (i) Maintain copies of all payment receipts and supporting documentation.
- (ii) Ensure vouchers and bills are recorded for all expenditures.
- (iii) Maintain accurate cash books to record receipts and payments, ensuring regular reconciliation with the bank account balance.

A monthly report must be submitted to the PEAs at District Level that includes:

- (i) Copies of the cash book.
- (ii) Monthly expenditure statements.

(iii) Utilization certificates for the funds received and disbursed.

(iv) Copies of Vouchers

Proper record-keeping builds trust and enables **auditable transparency**.

17. AUDIT & COMPLIANCE:

Auditing is a cornerstone of accountability:

- **Annual Audit:** Conducted by Chartered Accountants.
- **Compliance with ESCP:** Ensures environmental and social safeguards as mentioned in ESCP.
- **Resolution Timeline:** Audit findings must be addressed within 30 days.
- **Special Audits:** TN-SHORE reserves the right to conduct surprise audits.
- **Periodic Reports:** Mandated as per the ESCP and other World Bank Guidelines.

This framework ensures that funds are used responsibly and in line with project goals.

18. MONITORING AND EVALUATION:

The SPMU-TNSHORE shall constitute external monitoring and evaluation party for monitoring the implementation of the Community Grants in 12 coastal districts other than Ramanathapuram and Tutucorin, wherein, these two district are monitored by a structured body – Gulf of Mannar Biosphere Reserve Trust (GOMBRT).

- Functions as an independent body and will set up third-party monitoring body during the operational phase.
- Conducts financial audits, compliance checks, and impact assessments of livelihood enhancement activities.
- Provides early-warning signals on risks such as defaults, misuse, or systemic inefficiencies.
- Monitoring and evaluation could be done using consultants, NGOs & external evaluators or Social Consultant from external agency

19. PROHIBITED USES

This list specifies activities that are ineligible for financial and/or technical assistance under the project due to their potential harm to society or the environment. The **VLLs** should prominently display this list in their offices to create awareness among target beneficiaries.

Prohibited Activities:

1. Manufacturing & sale of plastics or polythene materials except fishing nets, fishing cages, crab fattening boxes, etc. used directly for fishery activities
2. Manufacturing or sale of intoxicant items like Beedi/Pan/Cigar/Cigarette, etc.
3. Trade in wildlife or wildlife products regulated under CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora)
4. Production or trade in wood or other forestry products from unmanaged forests
5. Activities involving child labour
6. Production or trade in ozone depleting substances
7. Production & trade of substances causing or likely to cause marine pollution
8. Production or trade in radioactive materials
9. Production or trade in or use of un-bonded asbestos Fibers
10. Purchase of logging equipment for use in primary tropical moist forest
11. Commercial fogging operations for use in primary tropical moist forest
12. Production or trade in weapons or ammunitions
13. Production, trade, storage, or transport of significant volumes of hazardous chemicals
14. Purchasing of land
15. Any kind of activities against law of Country.

These prohibitions align with TN-SHORE's commitment to sustainability and ethical practices.

20. PENALTIES:

To be followed and issued according to the By Laws.

21. REVISION:

The manual may be updated periodically by the TN-SHORE SPMU to reflect evolving needs, policies, and best practices.

22. KEY INDICATIVE LIVELIHOOD VALUE-CHAIN FRAMEWORKS:

22.1 Eco Development Activities

- **Stages:** Infrastructure like boat, snorkelling activities, interpretation centres, upgradation of fishing landing centres, materials to start etc.,

22.2 Aquaculture Value Chain (to follow community procurement strategy) :

- **Stages:** Input sourcing, production, harvesting, processing, marketing.
- **Investments:** Aerators, nets, feed storage, water testing kits etc.,
- **Opportunities:** Export markets, value-added seafood products.

22.3 Shell Jewellery Making

- **Stages:** Raw material collection, processing, design, packaging, retail.
- **Investments:** Polishing tools, drills, design training etc.,
- **Opportunities:** Online sales, eco-tourism markets.

22.4 Prawn & Fish Pickle Production

- **Stages:** Procurement, pre-processing, cooking, bottling, distribution.
- **Standards:** FSSAI compliance, hygiene certification etc.,
- **Opportunities:** E-commerce, niche gourmet markets.

22.5 Dried fish & allied product Production

- **Stages:** Procurement, pre-processing, cooking, packaging , distribution.
- **Standards:** FSSAI compliance, hygiene certification etc.,
- **Opportunities:** E-commerce, niche gourmet markets.

22.6 Mangrove Nursery, Herbal nurseries and Medicinal & Aromatic plant cultivation/collection and processing (to follow community procurement strategy)

- **Stages:** Propagule collection, nursery preparation, sapling maintenance, supply.
- **Investments:** Nursery trays, soil mix, irrigation systems etc.,
- **Opportunities:** Restoration projects, CSR partnerships.

22.7 Native Seaweed Cultivation (to follow community procurement strategy):

- **Stages:** Seed treatment, cultivation, drying, processing, value addition, market linkage.
- **Outputs:** Cosmetics, nutraceuticals, food supplements etc.,
- **Opportunities:** High-value global markets.

22.8 Creation of Mobile Cold Storage (to follow community procurement strategy):

- **Reduce wastage:** Perishable items like fresh catch fishes, prawns, crabs, vegetables, fruits, and dairy often spoil quickly; cold storage extends shelf life.
- **Boost income:** Farmers and SHGs can sell produce at better prices by avoiding distress sales.
- **Empower women:** SHGs, often women-led, gain control over value chains and market linkages.
- **Community resilience:** Shared infrastructure strengthens collective bargaining and local food security.

23. CONCLUSION:

The TN-SHORE Community Grant Manual is more than a financial guideline—it is a blueprint for sustainable coastal development, Livelihood upliftment, standard of living, entrepreneurship. By combining financial discipline, institutional strengthening, and livelihood diversification, the program empowers communities to become custodians of coastal ecosystems while improving their economic resilience.

This expanded manual provides clarity, detail, and practical guidance, ensuring that stakeholders at every level—from grassroots beneficiaries to district administrators—can implement the program effectively and transparently.