

AN INCLUSIVE AND OUTCOME-ORIENTED FRAMEWORK FOR DMF PLANNING



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AN INCLUSIVE AND OUTCOME-ORIENTED FRAMEWORK FOR DISTRICT MINERAL FOUNDATION (DMF) PLANNING

In India, the need for participatory planning at the local level has been well-recognized by the Government. This has been particularly encouraged and mandated for programmes and schemes that are targeted towards benefitting the rural poor, and for addressing the socio-economic inequality that these areas suffer. Some of the significant exercises in this regard include planning under the Backward Region Grant Fund (BRGF) programme rolled out in 2007, under the aegis of the Ministry of Panchayati Raj; the Intensive Participatory Planning Exercise (IPPE) of Mahatma Gandhi National Rural Employment Guarantee Schemes started in 2014, under the Ministry of Rural Development; Saansad Adarsh Gram Yojana (SAGY) launched in 2014, also under the Ministry of Rural Development; and in 2015, the proposal of Gram Panchayat Development Plans (GPDP), as directed by the Ministry of Panchayati Raj.

The merit of such planning is that it can suitably capture people's needs and priorities, while making the process fair, inclusive and transparent. However, the intention has often been undermined due to lack of a systematic approach and appropriate engagement of people as necessary.¹ Many plans as envisaged also do not get implemented properly because of inadequacy of financial resources.

In this context, planning considerations under another important initiative of the Government of India (GoI), the District Mineral Foundation (DMF), and the related scheme Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY), hold much significance.

DMF has been instituted as a non-profit Trust under the Mines and Minerals (Development and Regulation) Amendment Act (MMDR) 2015, with the precise objective 'to work for the interest and benefit of persons, and areas affected by mining related operations'. To work towards such an objective, DMF Trusts in every mining district are receiving contributions from miners and mining companies operating in the districts, an amount that is proportionate to their royalty payments to the state Governments. With the mandated contribution from miners—30 per cent equivalent of the royalty amount for leases granted before 2015, and 10 per cent for leases granted after that—the total cumulative accrual in DMF in India stands at nearly Rs 22,000 crores. The law requires this money to be spent for various socio-economic and human development activities, as well as for environmental sustainability, in a planned way. This entails prioritizing the need of the mining-affected people and areas, and making necessary investments.

This policy paper outlines a systematic and inclusive framework for need-based DMF planning, so that investments can be made to fulfill the objective of the DMF law in letter and spirit, and achieve optimum outcomes.

CURRENT STATUS OF DMF PLANNING

Planning and budget allocation of DMFs should happen as per provisions of the MMDR Amendment Act 2015, the State DMF Rules developed under it, and the PMKKKY guidelines. The provisions under these specify the requirement of a planning exercise that DMFs in every district should undergo, for identifying and investing on works and schemes that will benefit the people and areas

affected by mining-related operations. While in some states, such as Jharkhand, a detailed annual planning mechanism has been outlined, some others like Madhya Pradesh, Chhattisgarh and Odisha, have specified the need of three-to-five year perspective plans.

The law also requires DMF plans to be prepared in an inclusive manner. This is because the functioning of DMF is guided by the constitutional provisions (Article 244) as it relates to Fifth and Sixth Schedules for governing tribal areas, and the provisions of the Panchayats (Extension to Scheduled Areas) Act (PESA), 1996. In the context of the Constitutional mandate and PESA obligations, DMF planning processes have to be participatory involving the communities, particularly the Gram Sabhas, in formulating priorities and projects.

However, so far, DMF Trusts in almost all states and districts have not undertaken a comprehensive planning exercise; neither have they prepared a proper need-based plan. In the absence of this, investments decisions are largely subjective being decided by a few. Also, in many places, the investments are ad-hoc, raising questions both about their effectiveness in addressing the most pressing need of the mining-affected people, as well as their long-term viability.²

OPPORTUNITIES FOR DMF TO MAKE NEED-BASED SHORT- AND LONG-TERM PLANNING

DMF comes with four unique opportunities that gives it much advantage and flexibility to make short and long-term investment plans that are in the best interest of the mining-affected people and areas. These include-

- i. **A substantial financial corpus coming directly to the districts.** For instance, big mining districts like Chhattisgarh's Korba, Odisha's Keonjhar, Jharkhand's Dhanbad receive an estimated Rs 300–400 crore, annually.
- ii. **Funds coming directly to the district precludes the problem of delay in release of money.** This has been a major obstacle for implementing various development and poverty alleviation schemes.
- iii. **The money is non-lapsable.** This provides the opportunity to make short and long-term investment plans.
- iv. **The fund is untied.** The DMF Trust funds are untied and not meant for addressing one specific issue. This allows the scope of creative planning through need and resource assessment, and involvement of people in decision-making. The state DMF Rules and the PMKKKY outline a number of issues that DMF investments should prioritize and target to address, collectively. These include 'high priority areas' such as drinking water supply, sanitation, health, education, welfare of women and children, welfare of aged and disabled persons, skill development, environment preservation, and pollution control measures. It has been specified that at least 60 per cent of the DMF budget should be earmarked towards addressing these issues. On the other hand, a cap has been put on allocations on physical infrastructure and other big projects, which already have funds from the state coffers to prevent misuse of funds.

Considering all this, DMFs, therefore, can be a game-changer for improving the socio-economic and human development conditions of mining-affected people and areas. However, this will only happen if DMFs adopt a well-structured

Principles of DMF Planning

- Planning must be strategic and need-based.
- Planning must be diverse and participatory.
- Planning must have both short and long-term vision.
- Planning must be outcome oriented, geared towards achieving qualitative improvements—human development, economic parameters, and environmental sustainability parameters.
- Plans must be comprehensive.
- Plans must be sustainable, taking into consideration local resource availability and constraints.
- Plans must be continual, with a management structure for continual improvement, with indicators for assessing progress and revising plans.

planning exercise (*see box: Principles of DMF planning*). Proper planning will also help to reduce ad hoc and reactive investments, build confidence of stakeholders, and minimize chances of special-interest interference.

APPROACH FOR DEVELOPING A PEOPLE-CENTRIC AND OUTCOME-ORIENTED DMF PLAN

Developing an outcome-oriented plan, following a systematic and inclusive process, can maximize the potential of DMF funds. The aspects that DMF planning should consider include the following:

1. Identifying mining-affected people
2. Identifying and delineating mining-affected areas
3. Adopting an ‘outcome and output’ oriented approach for developing plans
4. Gap assessment and prioritizing of issues for allocation and investment
5. Engaging Gram Sabhas/ mining-affected communities for bottom-up planning
6. Finalizing the DMF plan

1. Identifying mining-affected people: One of the first steps of planning is to identify beneficiaries for whom funds are to be allocated and investments made. For DMF Trusts, ‘mining-affected people,’ constitute the beneficiaries. Therefore, it is imperative for DMF Trusts to identify them and use the Trust fund for their benefit.

For identifying and maintaining records of beneficiaries, DMF Trusts need to consider the following-

- a) All DMF Trusts shall identify and notify the ‘mining-affected people’, as defined in the state DMF Rules and the PMKKKY.
- b) The Trust shall prepare and maintain a list of the prospective beneficiaries of the Trust who should include, but not be limited to, the following-

- i. 'Affected family' as defined under Section 3 (c) of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.
 - ii. 'Displaced family' as defined under Section 3 (k) of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.
 - iii. People who have 'legal and occupational rights' over the land being mined.
 - iv. People who have 'usufruct and traditional rights' over the land being mined.
 - v. Any other as appropriately identified by the concerned Gram Sabha.
- c) The Trust shall also maintain a list of beneficiaries (a web-based MIS) who are to benefit through works/schemes targeted towards individuals or a particular group of people. This may include providing benefits for women and child development, welfare of old and disabled people, education support/ scholarships, affordable healthcare support etc.
- d) As beneficiaries are mobile in nature, the State Government/ district should have the appropriate software to track them based on their address or any other criteria that is suitable.
- e) The Executive Committee shall update the beneficiary list every three or five years, commensurate with the time frame of the perspective planning period.

2. Identifying and delineating mining-affected areas: Besides, mining-affected people, all DMF Trusts also need to identify the mining-affected areas, both directly and indirectly affected areas.

For identifying directly and indirectly mining-affected areas, the DMF Trusts should follow the general guidelines, as provided in the respective state DMF Rules and the PMKKKY. As per this,

- a) Directly affected areas will include-
- i. Villages and Gram Panchayats within which the mines are situated, and are operational. For districts where mining and related activities are happening within municipal boundaries, such areas/ wards should be appropriately considered.
 - ii. Villages in which families displaced by mines are resettled/rehabilitated by the project authorities.
 - iii. Villages that significantly depend on the mining areas for meeting their economic needs, and also have usufruct and traditional rights over the project areas, for instance, for grazing, collection of minor forest produce etc.
 - iv. An area within such radius from a mine or cluster of mines as may be specified by the State Government, irrespective of whether this falls within the district concerned, or adjacent district.

However, there exists some uncertainty in delineating a fixed radius for directly-affected areas by various State Governments. While type and scale of mining and also the geography of an area, are the determining factors for specifying the radius, the following general approaches may be followed-

- i. For major mineral operations in rural (and municipal) areas with considerably flat terrain, a radius of three to five kilometers from the boundary of the mine lease area may be considered as directly affected.
 - ii. For major mineral operations in hilly, remote and tribal areas, a radius of ten kilometres from the boundary of the mine lease area may be considered as directly affected.
 - iii. For small-scale mines with leases more than five hectares or for mine clusters, a radius of three to five kilometres from the boundary of the mine lease area/ cluster may be considered as directly affected. However, for leases less than five hectares, this radius is not applicable, except for cluster mining.
- b) The DMF Trusts shall prepare and maintain geo-referenced maps of mining-affected areas. The DMF Trust may take support of the State Space Application Centre, or similar institutions for such purpose.
 - c) For indirectly affected areas, considerations include those suffering from deterioration of water, soil and air quality, reduction in stream flows and depletion of ground water, congestion and pollution due to mining operations, transportation of minerals, and increased burden on existing infrastructure and resources.

However, since such definition is broad in nature, there is much scope for misplaced allocations. Therefore, for indirectly affected areas, investments should be prioritized for villages, Panchayats or municipal wards, considering their spatial dimension (such as how far from directly affected areas) and severity of impact.

3. Adopting an ‘outcome and output’ oriented approach for developing perspective DMF plans: The planning approach that DMF Trusts should follow must be outcome-oriented. An ‘outcome and output’ oriented approach for developing DMF perspective plans will ensure ‘accountable, pro-active, people-centric and purposeful’ planning. The approach is also helpful in identifying various variables that can work in tandem to reach the target outcome, facilitating multi-sector approach, and effective monitoring projects.

The GoI has also emphasized an approach that brings in greater accountability for the agencies involved in the execution of the schemes and projects³. Besides, global organizations such as the World Bank⁴ and World Health Organization⁵ (WHO), also practise output-outcome based planning.

In an outcome-output approach, outputs are time-bound measurable products of investments and activities that can often be expressed in physical terms or units. The intended outcomes are collective results of the measurable outputs that are qualitative improvements and sustainable over the long term.

For the effectiveness of planning and wider acceptance of results, the following may be considered while determining outcomes and outputs in the DMF perspective plans.

The intended outcomes shall be determined on the basis of:

- a) Critical needs of people as identified through a participatory approach.
- b) Government and scientific information as analysed.
- c) With reference to government and internationally accepted benchmarks as appropriate, such as the Sustainable Development Goals (SDG), WHO standards, Indian Public Health Standards (IPHS), education standards as specified under national programmes etc.

The intermediate outputs against each outcome should be related to/based on:

- a) The best available information of acceptable quality that can be monitored periodically in reasonable time
- b) Relevant for policy and planning purposes
- c) Easily understood and applicable by potential users
- d) Acceptable by stakeholders

4. Assessing gaps and prioritizing issues in perspective plan for guiding DMF investments: The following steps should be considered while identifying gaps in various sectors and determining issues (and related works/projects) that should be prioritized by respective DMFs for targeted investments (see figure: *Approach for analyzing gaps and prioritizing issues*). These include-

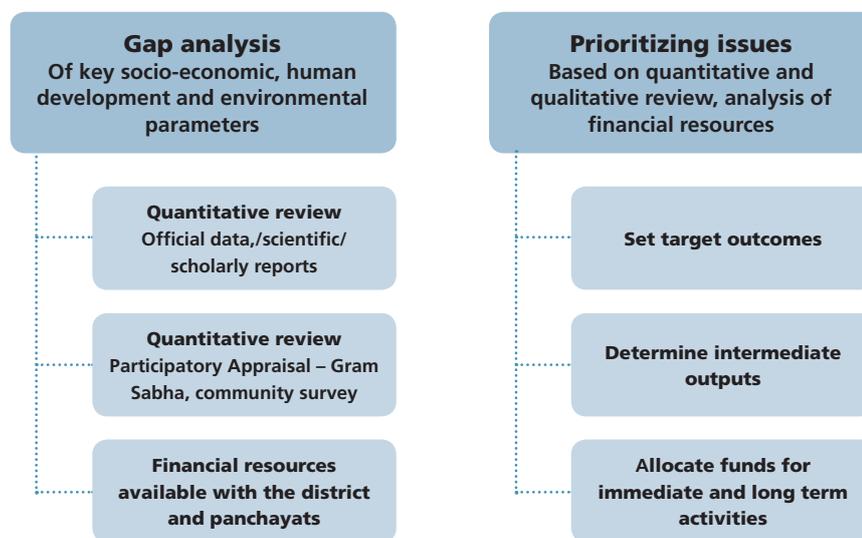
- a) Gap analysis of key socio-economic, human development and environmental parameters. The review should be done for the mining-affected areas and also in the context of the district. Identification of gaps must happen through both quantitative and qualitative evaluation.
 - i. The quantitative part is based on a stock-taking exercise on information pertaining to various socio-economic, human development and environmental parameters for the district, block and specifically for directly mining-affected areas.
 - ii. The qualitative part is based on the approach of participatory rural appraisal (PRA). A visioning and prioritizing exercise by engaging with Gram Sabhas from mining-affected areas (and ward members as the case may be), must be undertaken to identify issues and works for which DMF funds must be directed.

It may be noted, that for the purpose of gap analysis exercise, DMF Trusts can engage with planning experts and institutions in the required capacity.

- b) Reviewing and assessing shortfalls in existing resource envelope available with the district. This will help to optimize fund deployment adding on resources to programmes/schemes as necessary, and avoid duplication.
- c) Considering the gaps identified for various sectors (includes infrastructure and resource gaps), the need and priorities as expressed by communities, and the financial resources available, sectors to be taken up for DMF investments should be determined against defined outcomes.
- d) Based on issues prioritized in the perspective plan, annual plans should be subsequently prepared.

- e) It must be ensured that at least 60 per cent of the DMF allocations/ sanctions is for the ‘high priority’ issues as stipulated in the state DMF Rules and the PMKKKY guidelines, as well as for the ‘directly-affected areas and people’.
- f) An amount equivalent to 10 per cent of the annual receipts of the DMF Trust, shall be deposited in a nationalized bank account (in the name of the DMF Trust), for future use, once mining activities cease in the affected areas. This shall be strictly used to revive the economy of the area when mining finishes and to socially and economically uplift people, and areas directly affected by mining-related operations.

Figure: Approach for analysing gaps and prioritizing issues for investments



5. Engaging Gram Sabhas/ mining-affected communities for DMF planning: As indicated, Gram Sabhas (and ward members as the case may be) of mining-affected areas, should be integrated in the planning process. This should be done from the beginning of the planning process, so that their needs can be captured and appropriately incorporated in the final DMF plans.

Gram Sabha (and ward members as the case may be) engagement should be ensured through the following:

- a) **Setting up local planning teams at the cluster and panchayat levels to facilitate bottom-up planning:** The Managing Committee (along with the DMF office) should create local resource teams to aid DMF planning exercise by engaging with Gram Sabhas/Gram Panchayats. This will include:
 - i. Setting up cluster-level facilitation teams (CFTs) and panchayat planning teams (PPTs) in each mining-affected block (or municipal areas as the case may be)
 - ii. The CFTs and PPTs should be set up by engaging panchayat volunteers (ward volunteers), front-line workers in the district, and/or civil society organizations working on issues of human development.
 - iii. For rural mining blocks, this can also be done in coordination with the

existing CFTs and PPTs of the district levels, engaged in the integrated Gram Panchayat Development Planning (GPDP) exercise.

- iv. The CFTs and PPTs will also be responsible for facilitating bottom-up planning and disseminating information on DMF.
- v. For the purpose of effective planning, the concerned CFTs and PPTs shall be given the required training and orientation about conducting surveys, and doing a situation analysis, in the villages. The funds for such training and capacity building can be made available through DMFs as noted under the DMF Rules. Such training can be done through state-level accredited trainers or in collaboration with external experts/ organizations having knowledge in the areas.

b) Information dissemination on DMF: Disseminating information on DMF is key to engaging communities of mining-affected areas in the decision-making process and building the deliberative capacity of Gram Sabhas and Gram Panchayat members. For this:

- i. The Managing Committee of DMF must convene an initial Gram Sabha or panchayat-level meeting during the fourth financial quarter preceding the planning year. The CFTs and PPTs should be engaged for the purpose. The meeting should focus on
 - Discussing the opportunities of DMF and making Gram Sabhas aware about their roles and responsibilities on DMF planning and monitoring of works.
 - Informing respective Gram Sabhas of affected areas, as well as the Gram Panchayats within which such villages fall, about the funds available through DMF for the financial year for planning and carrying out developmental activities. Funds can be allocated to each Gram Sabha in a manner that is proportionate to the affected area (particularly directly affected area), population and corresponding to the socio-economic profile.
- ii. There should also be year-round effort to increase deliberative capacity of Gram Sabhas. This can be aided through the CFTs and PPTs, who should disseminate information by using appropriate information, education and communication (IEC) materials, and facilitate engagement of Gram Sabhas (and ward members as applicable) in DMF planning and review of works.

6. Developing the draft development status report (DSR): The CFTs and PPTs, with support of the DMF office, shall develop the draft DSR of the affected panchayats (and municipal wards as the case may be). The report shall be done through gap analysis (adopting a participatory appraisal process), and also incorporate suggestions on what works/ areas should be addressed through DMF funds.

7. Developing and approving the final DSR: The DSR as prepared will be shared and presented in the Gram Sabha(s) for their review and discussions. The Gram Sabha will decide and finalize development issues that should be prioritized and addressed. They may also suggest further works that need to be considered on immediate or long-term basis. Based on inputs of the Gram Sabha, the local planning teams, along with support of the DMF office, should prepare a final DSR and activity proposal for the DMF committee. For Scheduled Areas, Gram Sabhas should approve the final DSR.

8. Finalizing the DMF plan: This is the final step of DMF planning and should primarily be the responsibility of the staff of the DMF office, and members of the Managing Committee and Governing Council. For finalizing plans-

- a) The DMF office should consider the DSRs as received, and suitably integrate the observations in the district's DMF plan.
- b) The draft DMF plan should then be submitted to the Managing Committee for review. Members of the DMF office should also provide strategic direction to the Managing Committee for finalizing plans.
- c) The Managing Committee shall prepare a consolidated annual plan for the DMF Trust by the end of the fourth financial quarter of the year.
- d) The plan so prepared will be forwarded to the Governing Council of DMF for approval.
- e) The final plan should be shared in the public domain.

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