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SMALL IRRIGATION PROGRAM (SIP)



YEARLY PLAN OF OPERATIONS 2021-22 (2078-79)



PROGRAM MANAGEMENT AND IMPLEMENTATION SUPPORT CONSULTANT (PMISC)
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TABLE OF CONTENT

1. EXECUTIVE SUMMARY	4
2. OUTCOME MONITORING SUMMARY FY 2021-22 (2078-79)	6
3. BASIC INFORMATION	8
4. EXPECTED OUTCOMES.....	10
5. EXPECTED OUTPUTS	12
6. PROJECT MANAGEMENT AND FINANCIAL RESOURCES.....	14

TABLES

TABLE 1	: List of potential LGs for SIP implementation in FY 2021-22
TABLE 2	: Schemes to be implemented in FY 2021-22
TABLE 3	: Proposed Budget for FY 2021-22

Cover Page Photo: Women masons learning the skills from skilled masons in Bhauni IP in Chaudandigadi Municipality, Udayapur | Photo Credit: Arya Gautam

ABBREVIATIONS

ADCs	:	Agriculture Development Committees
CCS	:	Crop Cut Survey
CHF	:	Swiss Franc
DAG	:	Disadvantaged Groups
DoLI	:	Department of Local Infrastructure
FG	:	Federal Government
FMIS	:	Farmer Managed Irrigation Systems
FY	:	Fiscal Year
GoN	:	Government of Nepal
ha	:	Hectare
IDEMS	:	Infrastructure Development and Environmental Management Sections
LG	:	Local Government
LGOA	:	Local Government Operations Act
LMBIS	:	Line Ministry Budget Information System
MIS	:	Management Information System
MDP	:	Market Development Potential
MoFAGA	:	Ministry of Federal Affairs and General Administration
MoPID	:	Ministry of Physical Infrastructure Development
NAMDP	:	Nepal Agriculture Market Development Programme
NPR	:	Nepalese Rupee(s)
O&M	:	Operation and Maintenance
PCC	:	Project Coordination Committee
PG	:	Province Government
PG1	:	Province 1 Government
PLMBIS	:	Provincial Line Ministry Budget Information System
PPR	:	Project Preparation Report
PMISC	:	Programme Management and Implementation Support Consultants
PSC	:	Public Service Commissions
SDC	:	Swiss Agency for Development and Cooperation
WUA	:	Water Users' Association
WREDD	:	Water Resources and Energy Development Division

1. Executive Summary

Small Irrigation Programme- Phase II (SIP-II) is implemented by the Government of Nepal in collaboration with the Government of Switzerland and is built upon the experience of implementing SIP, Phase I. SIP-II aims to provide year-round irrigation to 20,000 hectares in about 1,300 small scale irrigation systems through community driven process benefiting 65,000 farmer households. The programme will cover Local Governments (LGs) of mid hills in Province 1. The expected impact of the programme is to reduce the poverty of small farmers especially from the disadvantaged groups (DAGs) by increasing their agricultural income.

SIP-II will be implemented by LGs as the mandate to implement small irrigation programs lies with rural municipalities and municipalities as per the Constitution of Nepal, 2015. LGs have the overall responsibility for planning, management and implementation of the program and each LG will appoint technical personnel as a focal person for the same. At the Province level, Province 1 Government (PG1) through Water Resources and Energy Development Division representing Ministry of Physical Infrastructure Development has the overall responsibility of planning, coordination and budgeting/budget transfers to LGs.

During fiscal year (FY) 2021-22, the guideline which is expected to be developed by PG1 July 2021 on one window system to be established by LGs to apply a uniform set of policies and procedures for identification, budgeting, implementation, monitoring and post construction support especially for irrigated agriculture and development or expansion of agriculture value chains will be shared with all working LGs. It is expected that 100% schemes will receive at least one visit of a rural advisory services provider during the production cycle.

Area under year-round irrigation will increase by 14% in program LGs. This refers to 8,000 ha out of the phase target of 20,000 ha that will be irrigated with the implementation of around 500 irrigation schemes during the second year of SIP-II. Among the 500 schemes, around 25 schemes covering 500 ha is expected to be carried over from FY 2020-21 while 475 schemes covering 7,500 will be new. Detailed survey as well as PPRs for these have been completed during FY 2020-21.

One of the lessons learned in SIP-I was the practice to select, design and implement schemes all within the same year impacting not only the overall project cycle but also the efforts for institutionalization of WUAs mainly due to inadequate planning and lack of preparation phase. Project teams will also work on identification, verification, detailed survey and PPR of schemes resulting in 7000 ha to be implemented during the next FY, i.e., 2022-23 which is expected to be completed by April 2022.

25,000 small farmers especially from DAGs will benefit from year-round and increased irrigation water by managing and maintaining 500 irrigation schemes during FY 2021-22. Among the beneficiary households, 40% will be from disadvantaged groups, while 70% will have landholding of less than 0.5 ha.

With efficient utilization of irrigation water, crop yield of major irrigated food crops (rice, wheat and maize) and cropping intensity are expected to increase by 30% each. To record the impact on crop yields in the command area, a crop cut survey (CCS) will be conducted. Similarly, the production of winter vegetable and other high value crops is expected to increase by a minimum of 50% above the current total production in SIP schemes. CCS for winter vegetables and other high value crops which have been identified as potato, cauliflower/cabbage, tomato, green peas will be conducted.

At least 80% of WUAs will establish a fund for Operation and Maintenance (O&M) and major repairs, through equitable collection of water service fees. Further, WUAs will also collect 1% of the total construction cost as upfront cash contribution for O&M during the signing of agreement with the LGs.

The programme through LGs will promote low-cost interventions that effectively focus on removing the existing constraints and bridging the productivity gaps and will create an enabling environment in which the key actors in the business, farmers, agro-entrepreneurs, traders, and possibly migration returnees and rural youth, tap the opportunities to enhance food production incomes. At least 50% of the WUAs with market development potential identified during last fiscal year will establish contracts and/ or any form or written documentation with input providers and traders or wholesalers during FY 2021-22.

Simultaneously, mapping of potential private sector market actors with capacity and willingness to expand their businesses in SIP areas through sourcing and market management of the agricultural products produced by farmers will continue during this FY. This will be focused along three market corridors, i.e., Mechi, Koshi and Sagarmatha. Further, multi stakeholder meetings among WUA representatives, potential traders, input suppliers, service providers and municipality for market linkage will be conducted with advisory and technical assistance from NAMDP.

The construction or rehabilitation of schemes is expected to generate 400,000 person-days of employment. WUAs are expected to equitably contribute at least 10% of the project construction cost which amounts to NPR 200,000,000 (CHF 1,739,130).

The proposed programme budget for FY 2021-22 amounts to NPR 2,164,737,500 (CHF 18,823,804) out of which NPR 2,000,000,000 (CHF 17,391,304) is allocated for civil works. The budget contribution proportion is 10, 20, 20, 20 and 30% for WUA, LG, PG, FG and SDC respectively. Further, NPR 40,669,750 (CHF 353,650) has been proposed for capacity building, training and workshops for WUA, LGs and PG1 while NPR 121,537,750.00 (CHF 121,537,750) has been allocated for programme management and implementation support.

Through a funds flow analysis, it is estimated that 22% of the programme funds will be allocated to discriminated groups and 78% to non-discriminated groups. From a cluster perspective, 99% of the programme funds will be allocated to Province 1 and 1% of the funds to others and national level. Regarding fund beneficiaries, 93% is targeted for attributable fund and 7% for general and common costs.

2. Outcome Monitoring Summary FY 2021-22 (2078-79)

Outcome 1: Local Governments (LGs) respond effectively to the needs of small farmers for irrigated agriculture			
S.N.	Phase Target (July 2020– December 2024)	Expected Outputs FY 2021-22	Comments
1.1	100% LGs have established a one window system for identification/ budgeting/ implementation/ monitoring/ support of irrigation schemes	A guideline on one window system for identification, budgeting, implementation, monitoring and support of small irrigation will be shared to all working LGs by PG1 for adaptation.	
1.2	35% (20,000 hectares) increase in additional area under year-round irrigation in participating LGs (baseline 56,893 hectares)	15% (8000 ha) increase in additional area under year-round irrigation in participating LGs.	Around 500 new schemes covering 7500 ha of command area will be implemented while 25 schemes covering 500 ha is expected to be carried over from FY 2020-21.
1.3	100% schemes have received at least one visit of a rural advisory services provider during the production cycle (Baseline# 15%)	100% schemes receive at least one visit of a rural advisory services provider during the production cycle.	
Outcome 2: Small farmers especially from DAGs increase agricultural productivity			
2.1	65'000 HHs benefited from year-round and increased irrigation water	25,000 HHs benefit from year-round and increased irrigation water.	Average household per scheme=50
2.1.1	40% beneficiaries are from DAGs	40% (10,000) beneficiaries are from DAGs.	
2.1.2	70% of the program beneficiaries have a (In SIP command area) landholding of less than 0.5 ha.	70% (17,500) of the program beneficiaries have a (In SIP command area) landholding of less than 0.5 ha.	
2.2	30% increase in the yields of major irrigated food crops (Rice, Wheat and Maize) in SIP command area	Yields of major irrigated food crops (rice, wheat and maize) in sample schemes completed during last FY will increase by 30%.	

2.3	30% increase in cropping intensity in SIP command area (baseline: 160% target 190%)	Cropping intensity in sample schemes completed during last FY will increase by 30%.	
2.4	Winter vegetable production and other high value crops increases by a minimum of 50% (by volume) above the current total production in SIP schemes	Winter vegetable production and other high value crops will increase by a minimum of 50% (by volume) in schemes completed during last FY	
2.5	90% irrigation schemes built or rehabilitated under the program are functioning well after 3 years of completion (Baseline # 93%)	90% irrigation schemes built or rehabilitated under the program are functioning well after 3 years of completion.	Short term monitoring survey among sample schemes completed in SIP-Phase I will be conducted.
2.6	At least 80% of WUAs establish a fund for Operation & Maintenance and major repairs, through the equitable collection of water service fees	At least 80% of WUAs establish a fund for O&M and major repairs, through the equitable collection of water service fees.	
Outcome 3: Market actors offer innovative supports and products to farmers in irrigated schemes			
3.1	50% of WUA that have contracted at least one input provider in the last 12 months (Baseline 0%)	50% of WUAs identified with market development potential will contract at least one input provider	92 schemes with market development potential were identified during last fiscal year
3.2	50% of SIP schemes that have established contracts with traders or wholesalers to buy their crops (Baseline 0%)	50% of WUAs identified with market development potential will establish contracts with traders or wholesalers to buy their crops	
3.3	70% of beneficiary farmers sell part of their irrigated agriculture production directly to the market (Baseline will be established as the schemes are selected)	Baseline survey to establish the existing trend will be conducted	

3. Basic Information

The Programme

SIP-II is implemented by the Government of Nepal (GoN) in collaboration with the Government of Switzerland and is built upon the experience of implementing SIP, Phase I. The programme will cover Local Governments (LGs) of mid hills in Province 1. It will provide year-round irrigation to 20,000 hectares in about 1,300 small scale irrigation systems through community driven process benefiting 65,000 farmer households.

The expected impact of the programme is to reduce the poverty of small farmers especially from the disadvantaged groups by increasing their agricultural income. This will be achieved through three outcomes: (i) local Governments respond effectively to needs of small farmers for irrigated agriculture; (ii) small farmers especially disadvantaged groups (DAGs) increase agricultural productivity and (iii) market actors offer innovative supports and products to farmers in irrigated schemes.

The main approach of the programme is to consolidate the positive results in development of irrigation infrastructure, and further refine scheme design to condition these schemes for dry season irrigation of high value crops, and thus create enabling conditions for the introduction of commercialized agriculture. LGs shall actively support the introduction of improved agriculture practices with a focus on the production of high value cash crops as well as ensuring a conducive environment for the development of the private sector exist and facilitate the linkage between the input and output markets with the farmers.

Socio Political

The state restructuring and the transfer of power to newly instituted structures have been an important aspect of federalism in Nepal. Six years since the promulgation of the Constitution of Nepal and four year since the local level elections in 2017, the federal, provincial and local governments are in operation today as envisioned by the Constitution. While roles and responsibilities among the three spheres of government with the spirit of federal governance are being clarified, sector specific functions need further institutionalization by developing system and procedures.

While human resources at both Provinces and LGs have remained inadequate, it is expected that the approval of the Federal Civil Service Act (ordinance) which has been tabled in the Parliament recently will pave way for PGs and LGs to recruit their own employees through the Provincial Public Service Commission (PPSC).

The unprecedented public health and economic crisis brought by the CoVID-19 pandemic continues to have adverse effects in Nepal's efforts to wellbeing and prosperity. The recent surge in CoVID-19 cases in neighbouring India with whom Nepal shares a 1,770 km long porous border has experts predicting a similar scenario like last year which saw a large number of migrant workers returning home from most affected areas leading to rapid community spread in Nepal. Experts predict¹ that Nepal will also see its second wave with a surge of new cases by May 2021.

Consequently, this may have negative impact on employment, income and remittance inflows resulting into increased inequality and economic vulnerability of DAGs as their safety nets and social protection remains weak and limited. While Nepal did have an early vaccination drive, there is much necessity for its successful continuation.

The Ministry of Health and Population has instructed² the provincial health directorates, hospitals, district health offices and border health desks to take necessary measures to prevent a coronavirus resurgence

¹ <https://www.nepalitimes.com/latest/nepal-braces-for-its-2nd-covid-wave/>

² <https://kathmandupost.com/health/2021/03/21/health-ministry-alerts-people-to-remain-vigilant-as-covid-19-cases-resurge-in-india>

along with reactivating quarantine centres; and conducting contact tracing by identifying the hotspots of contagion.

The YPO has been prepared with the underlying assumption that no further lock downs will be imposed in response to CoVID-19 pandemic hindering the implementation process. Change in the political and social stability will have a negative effect on achieving the programme targets and outputs set for this fiscal year (FY).

Programme Context

The mandate to implement small irrigation programs lies with rural municipalities and municipalities as small irrigation is one of the exclusive rights of the LGs as per the Constitution of Nepal, 2015 (Schedule 8). Adhering to this mandate, SIP continues to be implemented by LGs.

A bi-lateral agreement was signed between the GoN and the Government of Switzerland on 26th June, 2020 for the implementation of SIP-II from 1st July, 2020 till 31st December, 2024. At the federal level, on behalf of GoN, Ministry of Federal Affairs and General Administration (MoFAGA) extends the necessary guidance and support to the programme and ensures collaboration with Province 1 Government (PG1) and LGs through Department of Local Infrastructure (DoLI). On behalf of MoFAGA, DoLI coordinates and manages budget transfers to the local levels.

At the Province level, Province 1 Government (PG1) through Water Resources and Energy Development Division (WREDD) representing Ministry of Physical Infrastructure Development (MoPID) has the responsibility to manage planning, coordination and budgeting/budget transfers of PG1 to LGs.

Program Management Implementation and Support Consultants (PMISC) representing the Technical Assistance (TA) provider has the responsibility of assisting the Programme Coordination Unit (PCU) at WREDD to prepare for the conditional grant to LGs, draft an umbrella one window policy for small irrigation, in anchoring Management Information System (MIS) and establishing an agricultural price information system. A memorandum of understanding (MoU) between MoPID, PG1 and PMISC was signed on July 27th, 2020 for the same.

At the local level, LGs with their Infrastructure Development Environment Management Section (IDEMS) have the overall responsibility for planning, management and implementation of the program. SIP II will continue to adopted its bottom-up approach as per the spirit of Local Government Operations Act (LGOA) 2074. MoUs have been signed between PMISC and all of the 48 working LGs for the implementation of SIP-II.

The geographical coverage of SIP II could be up to 60 LGs in the mid-hills of Province 1 as per the Project Document including the current 48 working LGs. This is also in alignment with the Swiss Country Strategy 2018-2021 which states that 'the geographical concentration of the Swiss program will gradually move towards the newly established Province 1 in the east of the country'. Consultative meetings were held with additional 12 LGs (See Table 1) during FY 2020-21 and MoUs with feasible LGs will be signed for program implementation during FY 2021-22.

Table 1: List of potential LGs for SIP implementation in FY 2021-22		
S.N.	District	Local Governments
1.	Bhojpur	a. Hatuwagadhi RM b. Shadananda Municipality c. Aamchok RM d. Ram Prasad Rai RM
2.	Dhankuta	a. Shahidbhoomi RM
3.	Ilam	a. Maijogmai RM b. Mai Municipality
4.	Panchthar	a. Tumbewa RM
5.	Terhathum	a. Phedap RM b. Chathhar RM c. Athrai RM d. Menchhayaayem RM

The proposed scheme list for FY 2021-22 includes both carried over schemes and new schemes. While the federal and SDC budget will be reflected in the federal Line Ministry Budget Information System (LMBIS), the provincial budget will be reflected in the Province LMBIS (PLMBIS).

4. Expected Outcomes

Outcome 1: Local Governments (LGs) respond effectively to the needs of small farmers for irrigated agriculture

A guideline on one window system for identification, budgeting, implementation, monitoring and post-construction support of small irrigation will be shared by PG1 to all the working LGs during FY 2020-21 for adaptation. This guideline is expected to be completed by July 2021. Through a one window approach a variety of services will be provided to Farmer Managed Irrigation Systems (FMIS) including construction or rehabilitation of irrigation facilities, pro-active support for development of irrigated agriculture and facilitate the development or expansion of agriculture value chains. It will also require the building up and maintenance of comprehensive inventories of irrigations schemes in the LGs.

Area under year-round irrigation will increase by 14% in program LGs. This refers to 8000 ha out of the phase target of 20,000 ha that will be irrigated with the implementation of around 500 irrigation schemes during the second year of SIP-II. Among 500 schemes, around 25 schemes covering 500 ha is expected to be carried over from FY 2020-21 while 475 schemes covering 7,500 will be new.

100% schemes will receive at least one visit of a rural advisory services provider during the production cycle. Rural advisory services³, also called agriculture extension, are all the different activities – from public or private service providers - that provide the information and services needed and demanded by farmers and other actors in rural settings to assist them in developing their own technical, organizational, and management skills and practices so as to improve their livelihoods and well-being. For this, advisory assistance to link private service providers with LGs for delivery of extension services to the WUA will be provided with support from Nepal Agriculture Market Development Program (NAMDP).

Outcome 2: Small farmers especially from DAGs increase agricultural productivity

25,000 small farmers especially from DAGs will benefit from year-round and increased irrigation water by managing and maintaining around 500 irrigation schemes. Among the beneficiary households, 40%

³ Christoplos, I (2010) Danish Institute for International Mobilizing the potential of rural and agricultural extension <http://www.fao.org/3/i1444e/i1444e.pdf>

will be from disadvantaged groups, while 70% will have landholding (in SIP command area) of less than 0.5 ha.

With efficient utilization of irrigation water, crop yield of major irrigated food crops (rice, wheat and maize) and cropping intensity are expected to increase by 30% each. Similarly, on an average, cropping intensity in schemes completed during FY 2020-21 is expected to increase by 30%.

To record the impact on crop yields in the command area, a crop cut survey (CCS) will be conducted. CCS for monsoon paddy has been planned during the months of November-December, 2021 while survey for wheat and maize has been planned during March-April 2022 and July 2022 respectively.

Similarly, production of winter vegetable and other high value crops is expected to increase by a minimum of 50% above the current total production in SIP schemes. During FY 2021-22, CCS in schemes completed in FY 2020-21 will be conducted for winter vegetables and other high value crops which have been identified as potato, cauliflower/cabbage, tomato, green peas.

90% irrigation schemes built or rehabilitated under the program are expected to function well after 3 years of completion. For this FY, short term monitoring survey among sample schemes completed in SIP-Phase I will be conducted to assess the physical status of irrigation systems.

At least 80% of WUAs will establish a fund for Operation and Maintenance (O&M) and major repairs, through equitable collection of water service fees. Further, WUAs will also collect 1% of the total construction cost as upfront cash contribution for O&M during the signing of agreement with the LGs.

Outcome 3: Market actors offer innovative supports and products to farmers in irrigated schemes

The programme through LGs will promote, low-cost interventions that effectively focus on removing the existing constraints and bridging the productivity gaps and will create an enabling environment in which the key actors in the business, farmers, agro-entrepreneurs, traders, and possibly migration returnees and rural youth, tap the opportunities to enhance food production incomes.

During Phase II, 50% of WUA will have contracted at least one input provider for seeds, fertiliser or construction and maintenance materials. Similarly, 50% WUAs will have established contracts (forward contracts, sale contracts), with traders or wholesalers to buy their crops. 92 schemes with market development potentials were jointly identified with NAMDP during the last FY. Similarly, a series of multistakeholder meeting with objectives to introduce different levels of actors working in the vegetable sector, establish common understanding among actors on constraints to sector growth and to agree upon a collective action plan to address those constraints were organized. These meetings also served as an opportunity for traders and farmers to conduct business to business meetings (B2B).

At least 50% of the WUAs with market development potential will establish contracts and/ or any form or written documentation with input providers and traders or wholesalers during FY 2021-22.

Simultaneously, mapping of potential private sector market actors with capacity and willingness to expand their businesses in SIP areas through sourcing and market management of the agricultural products produced by farmers will continue during this FY. This will be focused along three market corridors, i.e., Mechi, Koshi and Sagarmatha corridor. Further, multi stakeholder meetings among WUA representatives, potential traders, input suppliers, service providers and municipality for market linkage will be conducted with advisory and technical assistance from NAMDP.

Similarly, another target is for 70% of beneficiary farmers to sell part of their irrigated agriculture production directly to the market and for which they should receive payment (bartering or exchange is not included in this measurement) during Phase II. For FY 2021-22, a baseline survey to establish the current trend of production and sale of agriculture production will be conducted.

Cross-cutting themes on Gender Equality and Social Inclusion (GESI)

GESI will be operationalised through a gender action plan. The action plan aims to institute greater gender balance in community leadership through the increased and more effective representation of

women in water users' committees. It contains specific targets for participation of women and the discriminated groups.

It will be required to promote women and/or a representative of discriminated groups in key leadership positions (chair, secretary, and treasurer) in the WUAs and to provide technical and leadership training to them for their meaningful participation in decision-making. The agriculture development committees (ADCs) will ensure that the need and priorities of women farmers are addressed and 40% of the farmer group members trained will be women farmers. Equal access to agriculture extension services and equipment will be ensured in the WUA norms for female-headed households.

The programme will further ensure that agreements with WUAs on payable works will include specific provisions requiring the WUAs to comply with,

- (i) applicable labour laws and core labour standards;
- (ii) prohibition of child labour as defined in national legislation for construction and maintenance activities;
- (iii) equal pay for equal work of equal value regardless of gender, ethnicity or caste, and
- (iv) elimination of forced labour.

At the program management level, PMISC adopts the Work Force Diversity Policy.

5. Expected Outputs

Outcome 1: Outputs

Provincial Government strengthens its capacity to support Local Governments

PG1 will establish and publish norms, standards, strategies and policies for small irrigation officially. The national survey and construction norms, specifications and standards/manuals on small irrigation were compiled from national documents during last fiscal year. These will be shared with MoPID for official publication during FY 2021-22.

All responsible Federal (DoLI) /Provincial Government (MoPID) agencies are expected to enter the program list in LMBIS and PLMBIS respectively so as to arrange to send the program budget to the LGs by the end of August. As mentioned earlier, during this FY a guideline on one window system for identification, budgeting, implementation, monitoring and post-construction support of small irrigation will be shared by PG1 to all LGs.

An internet-based MIS and automated project preparation system will be in operation during this FY. The overall target is for all LGs have access to the MIS and project preparation system which will be owned and maintained by the PG.

A learning event to on innovations and experiences in the development of small-scale irrigation will be organized for LGs in each of the SIP cluster.

LGs strengthen their legislative and executive capacity for implementing small irrigation schemes

LGs will formulate a one window policy on the basis of the guideline formulated and shared by PG1. In accordance to the LGOA 2074, all LG Councils are expected to select irrigation schemes for implementation through a demand driven process.

Each LG will continue to appoint technical personnel, either a sub-engineer or engineer as a focal person for the planning, designing, construction supervision and post construction support for SIP-II.

As part of strengthening their executive capacity, LGs (in all schemes) are expected to prepare and approve the bills within three weeks of the start of the measurement of construction works as well as ensure that all bills are paid within 30 days from the date of recommendation for payment by LG support units.

LGs build their capacity to provide support to the farmers in irrigated agriculture development

80% ADCs or a committee for the purpose of the same is expected to meet at-least twice every year for SIP related activities. The LGOA, 2074 and Local Level Annual Planning and Budgeting Guideline, 2074 provisions for sectoral committees to be formed and agriculture as such has been classified under economic development. Field reflections have shown that LGs have either formed a separate ADC or have been working through the Economic Development Committee for agriculture related activities.

It is expected that 80% of ADCs or similar committees for the purpose of the same will recommend the selection of irrigation schemes for implementation in annual budget to the LG councils as well as include and assign priority for the agriculture extension and input support for the selected SIP irrigation schemes. Based on this, it is further expected that 80% LGs will provide agriculture extension support and facilitate the provision of agriculture inputs for SIP projects.

80% of the LG will resolve any contractual complaints raised by contracting partners (LGs and WUA) related to irrigation schemes in a satisfactory manner. A format to record such complaints has been prepared.

Outcome 2: Outputs

Small farmers organize themselves inclusively in Water User Associations

All WUA committees will have representation from head, middle and tail of irrigation system and 40% WUA committee members will be women, with at least 1 woman or a representative of a discriminated group in a leadership position.

100% WUAs will practice public hearing after project preparation to disseminate information on total cost, design and estimates, envisaged equitable cost sharing by the beneficiaries and the social principle of the project. Similarly, all WUAs will conduct public review during project implementation, while public audit will be conducted once construction is completed. All WUAs will place a hoarding board at a visible location in the scheme site.

Water User Associations (WUAs) build and/or rehabilitate small irrigation systems equitably

Around 500 irrigation schemes will be taken up for construction or rehabilitation during FY 2021-22. 475 new schemes will be taken up for implementation for which detailed survey as well as PPR were completed during the last fiscal year. Around 25 schemes covering 500 ha are expected to be carried over from FY 2020-21 and completed during this FY.

Table 2. Schemes to be implemented in FY 2021-22							
Schemes carried over from FY 2020-21		New schemes implemented in 2021-22		Total Schemes implemented in FY 2021-22		Survey and Design for FY 2022-23	
No	Ha.	No.	Ha	No	Ha	No	Ha.
25	500	475	7500	500	8000	350	7000

One of the lessons learned in SIP-I was the practice to select, design and implement schemes all within the same year impacting not only the overall project cycle but also the efforts for institutionalization of WUAs. This was mainly due to inadequate planning, lack of preparation phase and delay in budget due to changes in implementation modality. Project teams will also work on identification, verification, detailed survey and PPR resulting in 7,000 ha to be implemented during the next FY, i.e., 2022-23 which is expected to be completed by April 2022.

The construction or rehabilitation of schemes is expected to generate 400,000 person-days of employment. Priority will be given to women and DAGs during construction work. WUAs are expected to equitably contribute at least 10% of the project construction cost which amounts to NPR 200,000,000 (CHF 1,739,130).

WUA operate and maintain irrigation systems equitably

100% WUA will receive training for O&M which will focus on formulation of O&M bylaws and plans, crop plan, water operational schedule and O&M fund collection and utilization post construction. All WUAs will prepare plans and cost estimate for recurrent system maintenance. 80% WUAs will also prepare and implement plans for equitable and timely water distribution.

Farmers access agriculture extension services from LGs

80% schemes will receive training on integrated crop and water management as part of the O&M training, including the operation of the distribution system, on farm storage facilities and pressurized water distribution (sprinklers, drip irrigation).

100% of SIP supported schemes will receive a visit from a LG Junior Technical Assistants (JT/JTA) in agriculture at-least once before construction begins where they are expected to support the WUAs in identifying potential and needs of the particular scheme. A format to be used by JT/JTAs for this purpose has already been developed during last fiscal year.

80% farmers in SIP schemes will have contact numbers of LG ward chairs, JT/JTAs, nearby agro-vet providers and this will be maintained in the project book provided to WUAs.

Water User Associations plan the production in their FMIS based on commercial opportunities

20% WUAs supported by the project are expected to plan their irrigated commercial crops based on reliable information on market demand and are also expected to receive production advice from JT/JTAs and private service providers based on market demand. WUAs will be provided business planning training which would incorporate production, marketing and financial planning, manual which was developed during last fiscal year.

WUAs in SIP schemes will also have contact numbers of traders and buyers, whole-sellers and retailers of agriculture products, agri-insurers which will be maintained in the project book provided to them. List of such stakeholders along the Mechi, Koshi and Sagarmatha corridor will be documented and mapped and shared with the WUAs.

Outcome 3: Outputs

Input service providers provide maintenance, production advice or embedded services to FMIS

Input service providers, to provide maintenance, production advice or embedded services to FMIS in each of the working LGs will be identified and mapped during this FY.

Traders and retailers establish contacts with WUA members

40% WUAs will report ongoing discussions with traders and buyers. These discussions could be part of the multi stakeholder meetings and/ or other B2B meetings. It is the program target to develop a simple and accurate price information system which farmers can consult before bringing produce to the market. During this FY, potential stakeholders, partners for the development and anchorage of the price information system will be identified.

6. Project Management and Financial Resources

Budget for FY 2021-22

The proposed programme budget for FY 2021-22 amounts to NPR 2,164,737,500.00 (CHF 18,823,804) out of which NPR 2,000,000,000 (CHF 17,391,304) is allocated for civil works. The budget contribution proportion is 10, 20, 20, 20 and 30% for WUA, LG, PG, FG and SDC respectively. For detailed budget allocation refer to Table 3.

Table 3: SIP Budget for FY 2078/79 (2021/22)						
	Total	Federal Government (FG)	Province Government (PG)	Local Government (LG)	SDC	Farmers (WUA)
Civil works	2,000,000,000	400,000,000	400,000,000	400,000,000	600,000,000	200,000,000
%		20	20	20	30	10
Technical Assistance (100% SDC)	121,537,750				121,537,750	
Machinery and Equipment (100% SDC)	2,530,000				2,530,000	
WUA Training, DoLI/ Provincial/Local Government Strengthening (100% SDC)	40,669,750				40,669,750	
Recurrent Cost (100% FG)						
Total Budget	2,164,737,500	400,000,000	400,000,000	400,000,000	764,737,500	200,000,000
%		19	19	19	35	8

Further, NPR 40,669,750 (CHF 353,650) has been proposed for capacity building, training and workshops for WUA, LGs and PG1 while NPR 121,537,750.00 (CHF 121,537,750) has been allocated for programme management and implementation support. NPR 2,530,000 (CHF 22,000) has been proposed for machinery and equipment.

Funds Flow Analysis

Budget provisions in the fund flow analysis are consistent with the budgeted amounts in the programme budget for this FY. The geographic allocations are based on the budget provisions at national, international and province level. These allocations can be summarized as follows: province 99.45%, national 0.19% and 0.35 at international level.

From discrimination perspective, discriminated groups will benefit from employment opportunities from consultancy services, WUA training and LG's skill development and especially from employment generated by civil works for irrigation rehabilitation and/or construction. In construction works, preference for employment will be given to DAGs and women. It is estimated that 22% of the programme funds will be allocated to discriminated groups and 78% to non-discriminated groups. The reason for a higher allocation to non-discriminated groups is because 92% of the total program budget is allocated for civil works for which more than 70% of the expenses is for construction materials. From a cluster perspective, 99% of the programme funds will be allocated to Province 1 and 1% of the funds to others and national level.

Regarding fund beneficiaries, 93% is targeted for attributable fund and 7% for general and common costs. The attribution of costs is categorized as, attributable and general & common costs. Attributable costs are incurred for directly benefiting the target groups and general & common costs are not incurred for directly benefiting any beneficiary.

Program Management

The arrangements and responsibilities for project management and implementation has been spread over the three spheres of the government. DoLI represented by MoFAGA is the focal unit and a Programme Advisory Committee, an advisory body of SIP II for inter-ministerial coordination exists at federal level. A meeting for the same will be held during this FY.

The Province 1 MoPID represented by WREDD is the coordinating agency and a Programme Coordination Committee (PCC) to provide policy support and strategic guidance to the programme exists at the Provincial level. PCC will make compilation of YPOs, annual progress reports, make key

decisions on the provincial budget for the project, address policy issues, review/assess overall implementation and facilitate coordination with LGs.

LGs are the implementing agencies and have the overall responsibility for project implementation including coordination among all agencies involved. Project Implementation Committee (PIC) exists at each LG for project execution and its major responsibility will be to review and assess progress and resolve implementation issues at local level.

PMISC representing the TA provider will continue in supporting the project implementation. PMISC will be based in Biratnagar with five cluster offices with bases in Dhankuta Bazar (for Bhojpur, Dhankuta and Terhathum), Fikkal (for Ilam and Panchthar), Diktel (Khotang), Okhaldhunga Bazar (Okhaldhunga) and Gaighat (Udayapur). Project staff will continue to be stationed in all working LGs where SIP is implemented as focal person to support them in project management and implementation.