
ADBN's Community Surface Irrigation Program

Background

Since its establishment, the Agricultural Development Bank/Nepal (ADBN) has been extending credit support for the development of irrigation facilities in the country in order to supplement agricultural development programs in general and to augment agricultural credit demand in particular by encouraging farmers to take up extensive and intensive agricultural production activities.

The broad policy of ADBN is to harness potential sources of water to irrigate the cultivated areas. The ADBN has maintained this policy of extending credit support both for the development of new irrigation infrastructure and for the rehabilitation of existing ones with enough broadness and flexibility so that any kind of viable irrigation scheme can be constructed, set up, or rehabilitated at any workable location by any interested individuals or parties, including the HMGN-approved

bodies or projects. Even budgetary funding allocations are not limited as to the purpose.

Similarly, a minimal interest rate of 18 per cent has been fixed on the irrigation loan. His Majesty's Government of Nepal (HMGN) too provides a subsidy of 40 to 75 percent of the capital cost to assist the willing farmers to develop potential schemes with their own resources.

Surface irrigation is one sizable component of the irrigation development program of ADBN. Under this component, surface sources of water, like rivers, streams and springs are explored and tapped so as to gravity-feed the cultivated pockets on both individual and community ownership, on an operation and maintenance basis.

ADBN's Irrigation Lending Program

The ADBN's irrigation lending program is not limited to the Bank's own Community Surface Irrigation Program (CSIP) or other similar irrigation schemes. The subsidy fund received by the Bank, however, is appropriated only to Bank-implemented irrigation schemes.

The Bank's policy of credit support to CSIPs that are directly sponsored by HMGN or HMGN-approved agencies or projects makes it mandatory that at least 5 percent of the total capital investment cost of the project be borne by the beneficiary farmers through compulsory labor participation, even though the Bank does not have to provide the capital subsidy to them. It may be noted that the HMGN rules and regulations on the implementation of such CSIPs do not compulsorily require such contribution.

The ADBN's irrigation lending program of has been steadily expanding over the years. In the fiscal year 1993-94, the allocated budget is NRs. 157.92 million of which NRs. 34.89 million is earmarked for surface irrigation alone. This is exclusive of the subsidy provisions.

Initiation of the CSIP

The ADBN started the CSIP as a regular program on the basis of community participation from fiscal year 1983-84. Initially it was taken up in collaboration with CARE/Nepal. Whereas the ADBN

provided the irrigation loan, CARE/Nepal extended material support in the form of subsidy and the farmers contributed labor and finance as equity participation. The ADBN extended credit up to 30 per cent of the total project cost whereas CARE/Nepal provided grant support up to 50 percent. The remaining 20 percent was borne mandatorily by the beneficiary farmers through their participation in the form of labor contribution. The ADBN and CARE/Nepal together provided the entire technical support services free of cost, from the identification phase of the project to their surveying, designing, cost estimating and actual implementation phases. This collaboration was limited to the areas of the Small Farmers Development Project (SFDP) only and lasted for five years, i.e., till fiscal year 1988-89.

Features of CSIPs

The main features of the ADBN-implemented CSIPs are low cost, locally suited designs, use of local materials, beneficiary participation from survey to construction to operation and maintenance, least disturbing to the local environment, credit support by the ADBN, capital subsidy provision, free of cost technical support services and the beneficiaries' participation through labor contribution.

The distinct advantage of the ADBN CSIP is that the ADBN extends not only the financial assistance in the form of credit but also renders the technical support—till now free of cost, organizational support, as well as post-completion back-up programs, specially in the SFDP areas.

Present Subsidy Arrangements

Since 1989/90, HMGN has been subsidizing 60 percent of the total project cost of the CSIP as capital subsidy. Of the remaining project cost, 30 percent was provided by the ADBN as a loan and the 10-percent equivalent was borne by the beneficiaries through compulsory labor participation. Thus, the Rapti Integrated Rural Development Program, Dhading District Development Program and Gorkha Development Project provided 60 percent of the project cost as capital subsidy in the CSIPs within the Rapti Zone, and Dhading and Gorkha districts. The program was also extended to areas outside the SFDPs.

Present Policy on CSIPs

The present ADBN policies on CSIPs are as follows:

- * Extension of irrigation facilities on community participation basis both within and outside SFDP areas, with priority to SFDP areas,
- * Implementation of new and rehabilitation schemes in both hill and terai areas,
- * Limitation of the command area size to the range of 3 to 300 ha in the hills and 10 to 500 ha in the terai,
- * Requirement of minimum beneficiary households of 5 in the hills and 15 in the terai, and
- * Requirement of a maximum ceiling of cost/ha in the hills and the terai regions at NRs. 30,000 and NRs. 25,000, respectively, for new schemes and NRs. 15,000 for the rehabilitation schemes.

Present Approaches of CSIPs

The main approaches presently adopted are as follows:

- * Exploring more feasible schemes for the expansion and extension of facilities,
- * Implementing only those CSIPs which the beneficiary farmers have themselves demanded or shown genuine interest in,
- * Identifying and surveying the CSIPs with the involvement and cooperation of the beneficiaries,
- * Inviting maximum possible beneficiary involvement and participation,
- * Inviting beneficiaries' direct involvement through their own construction committees, monetary management, labor management, mobilization of labor participation, etc., during construction,
- * Forming strong farmers' water users' organizations for operation and maintenance of the schemes,

- * Leaving the on-farm distributary system construction to the irrigator farmers themselves,
- * Building up system managerial capacity of the farmers through training on O&M of irrigation systems, water management and utilization aspects,
- * Providing a post-implementation agricultural development package program as an integral part of irrigation development for long-term sustenance,
- * Providing required technical support services free of cost, from the identification of CSIPs to their handing over to beneficiaries through the Bank's own cadre of technical manpower, and
- * Regularly following up and supervising the system sustenance.

Implementation Procedure of CSIPs

The procedures that are required of farmers or groups of farmers for receiving assistance from the ADBN in CSIPs are as follows:

- * The Potential CSIP is identified either by the farmers themselves or by the SFDP or the ADBN field office units either independently or with the help of the farmers,
- * Farmers are told of the potential irrigation development, group approach and responsibility in implementation, loan/subsidy/labor participation arrangement, etc., to generate their concurrence for implementation,
- * After the farmers have okayed it for implementation as a partial loan program, a request is sent to the ADBN Supervision and Controlling Office for a technical feasibility study,
- * The technical and socioeconomic feasibility study is carried out by the ADBN technical team with active participation of the farmers,
- * If the project is found feasible, a detailed survey is carried out by the technical team. On the basis of information obtained during the detailed survey, further steps for designing and estimating are carried out, and

- * Detailed design and cost estimating are done by the technical team and sent to the farmers through the field units of the Bank for further action.

After the receipt of the total cost estimate of the proposed irrigation scheme, the following procedures are gone through:

- * Formation of "Irrigation Group" as per the prescribed format (This is facilitated by the previously carried out detailed Household Survey),
- * Convening the meeting of the Irrigation Group to decide the issue of requesting the ADBN for provision of irrigation loans,
- * Collection of loan requests and mortgage particulars from farmers,
- * Tendering loan request by the Irrigation Group as per the prescribed format with the following essential documents:
 - * Certified copies of citizenship certificates of the group members and/or certified copies of citizenship certificates of the person(s) providing the required mortgage for the loan (only where applicable),
 - * Certified copies of the land certificate or the ownership evidence of other property offered as mortgage against the loan,
 - * Certified copies of the most recent land revenue payment receipt, and
 - * Certified copy of the minute of the Irrigation Group meeting as to the groups' readiness and request to take up the CSIP,
- * After the receipt of the loan approval information, the Irrigation Group members furnish the ADBN with a *Tamasuk* (bond) and the original copies of the ownership *Lalpurja* (evidences) of mortgaged land or property,
- * A *samjhauta* (an agreement bond) is signed between the Irrigation Group and the ADBN for implementing the CSIP,
- * Convening the meeting of the Irrigation Group to decide the following:

- * Formation of a construction committee,
- * Deciding on the starting date of the implementation,
- * Job description and allocation of each member of the construction committee, and
- * Any other as required,
- * Involvement and participation of farmers in construction/implementation of the CSIP,
- * Approving and accepting the handover of the CSIP upon completion, and
- * Participation in training and post-implementation system management, water-utilization and production programs.

Achievement Status

As of fiscal year 1992/93, irrigation facilities had been extended to 12,226 ha through 216 schemes, benefiting 12,732 farmer households. Of this, 7,657 ha under 127 schemes benefited 8,404 farm families within SFDP areas, and 4,569 ha under 89 schemes benefited 4,328 beneficiaries outside of SFDP areas. The number of schemes in the hills is 128 and in the terai, it is 89. The districts covered by CSIPs so far are 30 in the hills and 17 in the terai. The average cost/ha in 1992/93 for the new schemes and rehabilitation schemes were NRs. 12,500 and 7,800, respectively.

The summary of achievement from year 1986/87 when the first CSIP was completed to 1992/93 is presented on p.27.

Future Scope of the CSIP

The CSIP, although initiated and implemented by the ADBN with credit support, is basically a subsidy-based program. Initially, it was CARE/Nepal that supported the CSIP with sizable subsidy provisions and for the last four years the HMGN has given this support.

Assisting the development of the small-scale irrigation scheme on a community-owned and -operated basis has been a consistent policy of the HMGN in order to benefit the maximum number

ACHIEVEMENTS										
S.N.	Fiscal year	IN SFDP area			In non-SFDP area			Total		
		No. of projects	Command area (ha)	No. of beneficiaries	No. of projects	Command area (ha)	No. of beneficiaries	No. of projects	Command area (ha)	No. of beneficiaries
1.	1986/87	5	285	310	—	—	—	5	285	310
2.	1987/88	10	1,075	748	—	—	—	10	1,075	748
3.	1988/89	18	1,636	1,771	—	—	—	18	1,636	1,771
4.	1989/90	19	1,087	1,219	7	487	405	26	1,574	1,624
5.	1990/91	14	573	401	8	494	637	22	1,067	1,038
6.	1991/92	35	1,508	1,881	42	1,366	1,883	77	2,874	3,764
7.	1992/93	26	1,493	2,074	32	2,222	1,403	58	3,715	3,477
Total		127	7,657	8,404	89	4,569	4,328	216	12,226	12,732

of the rural and poor population. The Eighth Plan (1992/93-1997/98) too has emphasized and endorsed the need for continued HMGN support to participatory development and sustenance of such small irrigation schemes (The Plan targets to extend irrigation facility to an additional 2,93,895 ha, of which 1,19,700 ha or 40.73 percent is segregated to be achieved through the ADBN's irrigation programs.). The financial commitment of the HMGN to the policy is renewed on a year-to-year basis only. The HMGN policy and program statements as well as the annual budget declaration of the current fiscal year also have stated quite clearly the continuation of and provision for HMGN contribution to small-scale irrigation development through the total budgetary allocation of NRs. 70 million. It is very much likely that the HMGN subsidy support will be continued in the coming years too. (Similarly, the Rapti IRDP, Dhading

IRDP and Gorkha Project have provided subsidy provisions of NRs. 0.6 million for CSIP in the Rapti Zone, NRs. 3.6 million in Dhading District and NRs. 1.125 million for Gorkha District, for the current fiscal year.)

Target for Fiscal Year 1993/94

The CSIP is being implemented in the current fiscal year 1993/94 with similar subsidy, loan and labor participation arrangements. The target set for the current year is 3,625 ha, and the total capital subsidy provision is NRs. 20.825 million. The ADBN loan participation is expected to be in the order of NRs. 10.413 million.

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