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Self-Evaluation Small Irrigation Programme



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Final Report

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Executive summary

The Small Irrigation Programme, Phase II (SIP-II), funded by the Government of Nepal and Government of Switzerland, aims primarily to ensure year-round irrigation on 20,000 hectares through about 1,300 small-scale irrigation systems. The programme anticipates benefiting 65,000 farming households, with a focus on disadvantaged groups and small landholders.

SIP has three outcomes:

1. Enhanced effectiveness of local governments in responding to small farmers' needs for irrigated agriculture
2. Increased agricultural productivity, particularly for small farmers from disadvantaged groups
3. Provision of innovative support and products by market actors for farmers in irrigated schemes

During May and June 2023, a self-evaluation assessed the project's relevance, coherence, effectiveness, efficiency and sustainability. The summary table below highlights key findings.

Table 1 - Summary of findings from the self-evaluation, categorised by impact, outcomes and outputs, based on the evaluation criteria of relevance, impact, effectiveness, efficiency and sustainability

Impact	Small Farmers, especially from the disadvantaged groups (DAGs) reduce their poverty by increasing their agricultural income										
Relevance											
Impact											
Outcome statements	Local Governments respond effectively to needs of small farmers for irrigated agriculture			Small farmers especially from DAGs increase agricultural productivity and shift from subsistence to commercialized agriculture					Market actors offer innovative supports and products to farmers in irrigated schemes		
Effectiveness											
Outputs	PG strengthens its capacity to support LG	LGs strengthen their cap. to implement irrig. schemes	LG support farmers in irrig. Ag	Farmers organise themselves in WUA	WUA build / rehab irrig. schemes	WUA O&M system	Farmers access ag extension services from LGs	WUA plan their production based on com. Opp.	Input providers provide services.	Output traders establish contacts with WUA	Farmer sell their products
Efficiency											
Sustainability											

Legend for the colors

The results are as expected	Results achieved but with challenges.	Results are not achieved there are issues
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SIP is relevant and will have a positive impact on federal state building, poverty reduction and agricultural income. It brings about positive change by increasing productivity and strengthening water user associations (WUAs). However, the programme also faces challenges in relation to outcome 1 (first three columns on the left in Table 1), because human resource constraints limit the effectiveness of local governments (LGs) in addressing the needs of small farmers in irrigated agriculture. This shortcoming may undermine the sustainability of the results achieved to date, since LGs will be solely responsible for implementing irrigation schemes once the project concludes in 2024. A further difficulty is that increased linkages with input and output markets, related to outcome 3 (three columns on the right in Table 1), are not fulfilling their potential.

SIP remains highly **relevant** to the present political, geographic and socio-economic context, as it is aligned with constitutional mandates and promotes federal state building. The programme has achieved good results in targeting disadvantaged groups and responding to community needs, and it is well aligned with approved provincial development plans, such as the Periodic Plan of Koshi Province. The construction and rehabilitation of small irrigation schemes contribute crucially to improved water management, food security, climate resilience, sustainable agriculture and community empowerment.

SIP is **coherent** with respect to national and provincial plans as well as Swiss Cooperation Programme outcomes, supporting infrastructure development, while offering financial and technical assistance to LGs and farmers. SIP collaboration with the Swiss-funded Nepal Agriculture Market Development Programme (also referred to as *Sahaj*) was intended to strengthen agricultural development and market linkages but has not proved to be as efficient as expected. Aside from the intended collaboration with Sahaj, SIP cooperates with LGs as well to provide agricultural services that better meet farmers' needs. Unfortunately, LGs have only limited capacity, and they struggle financially to provide demand-driven agricultural services.

SIP is **effective** in accomplishing its core mission of improving access to water for agriculture (outcome 2, middle columns of Table 1). In 2022 alone, the programme rehabilitated 316 irrigation schemes, benefiting more than 13,000 small-farm households. The project shows strong commitment to gender equality and social inclusion (GESI) principles, with 95% of the WUAs including at least 40% women in committee positions.

As highlighted above, the project is not performing as effectively as expected with regard to outcomes 1 and 3. Though all participating LG councils are engaged in selecting irrigation schemes, their capacity to implement these schemes varies greatly. Meanwhile, the provincial government (PG), has not built enough capacity to support LGs in this endeavour. According to the SIP project document, the PG is expected to play a coordinating and leadership role in project implementation, as clearly defined in the Constitution regarding the three spheres of government. Nonetheless, Nepal's federal system is still under development, and provincial structures have not matured sufficiently to fulfill their envisaged mandate in the SIP project. Moreover, human resource constraints in various provincial ministries limit their ability to coordinate and support the implementation of small irrigation schemes.

Regarding outcome 3, some of SIP's foundational assumptions about agricultural production and markets, such as the link between irrigation and increased productivity, proved to be accurate. However, others, like the notion that increased productivity would attract larger traders, turned out to be flawed due to the small size of the schemes along with their low and unpredictable production volume. As well, the project overestimated the importance of entrepreneurial spirit in prompting farmers involved in irrigation schemes to transition from subsistence to commercial agriculture. Many farmers were deterred by factors like inadequate access to input, financial and advisory services as well as transport constraints. In addition, collaboration between SIP and Sahaj faced challenges in reaching its potential, as defined under outcome 3. This report explores those issues but the reader should as well refer to the external evaluation report of Sahaj evaluation that was conducted in parallel with this SIP evaluation. To some extent, the shortcomings identified reflect incorrect design assumptions, but they also resulted from a lack of clarity about the type of support that market actors need to offer innovative support and products. Despite efforts to improve collaboration, the results have still fallen short of expectations.

SIP project inputs for LG and WUA capacity building are **appropriate** and **partly sustainable**. Over a thousand WUAs have been developed and are now legal entities, and operational procedures were established during their creation. Challenges remain, like irregular fund collection for operation and maintenance, but efforts to foster self-reliance show promise. Continued support and LG involvement are crucial. With regard to sustainability, the main concern is a lack of human resources and technical capacity in the LGs and PG for independent implementation.

Introduction

The Small Irrigation Programme, Phase II (SIP-II), is a cooperative initiative involving the Government of Nepal and Government of Switzerland. Building on the foundation laid by SIP, Phase I, and previous work funded by the Swiss Agency for Development and Cooperation (SDC), SIP-II caters to local governments (LGs) in the mid-hills of Koshi Province. Its primary aim is to ensure year-round irrigation on 20,000 hectares through approximately 1,300 small-scale irrigation systems. The programme anticipates benefiting 65,000 farming households, with a focus on disadvantaged groups and small landholders.

SIP's three expected outcomes are as follows:

1. Enhanced effectiveness of local governments in responding to small farmers' needs for irrigated agriculture
2. Increased agricultural productivity, particularly for small farmers from disadvantaged groups
3. Provision of innovative support and products by market actors for farmers in irrigated schemes

The programme's primary objective is to combat poverty by boosting the agricultural income of small-scale and disadvantaged farmers. To this end, the programme builds on successful development of irrigation infrastructure in the previous phase and refines the design of irrigation schemes for high-value crops during the dry season. The programme's strategy aims to facilitate farmers' transition towards commercialised agriculture. The provincial and local governments play a pivotal role in the programme, showing both ownership and leadership.

This report presents the findings of a self-evaluation conducted to assess the performance, effectiveness and impact of SIP-II. The evaluation encompasses both technical and strategic aspects, providing recommendations to improve delivery during the remainder of the programme. A sister report drafted at the inception of the self-evaluation complements this final report (Annex 1)

Objectives and methodology

The self-evaluation had as its main objective to address in a systematic and effective manner through critical self-reflection issues arising during the implementation of SIP-II. The self-evaluation was further guided by key evaluation questions defined in the terms of reference around the following points:

- a) Assess project relevance, focusing on the institutional setup in Koshi Province.
- b) Assess the relevance of the project's theory of change as well as its progress against stated outcomes and outputs to date.
- c) Assess the effectiveness and efficiency of the approaches applied for project implementation, including linkages with agriculture extension services as well as input and output market actors.
- d) Highlight issues and challenges that limit effective and efficient implementation of the project as well as the contribution of project activities to its outcomes and impact.
- e) Review the sustainability of the approaches that the project has adopted to date.
- f) Identify issues and provide recommendations for the remainder of the project.

The self-evaluation adhered to the key principle of involving the project team in preparations and critical reflection. This approach ensured their ownership of the process, and facilitated discussions and agreement on recommendations arising from the evaluation. Annex 1 of this report contains the inception report, which describes the initial part of the methodology.

To supplement the desk review, a series of operational workshops were organised in each cluster. These provided an opportunity to discuss results and address specific challenges

with the field team. In addition, a strategic workshop was held in Biratnagar to deliberate on the findings and formulate key recommendations for the conclusion of the project phase. Annex 2 provides the programme and content of the operational workshops, while the results section below shares the discussion and conclusions of the strategic workshop.

Results

The results are presented in line with the structure and questions provided in the terms of reference (see Annex 3). The self-evaluation was guided by six evaluation criteria and their respective evaluation questions. Table 2 provides an overview of the findings.

Relevance

Key guiding questions for the evaluation

- To what extent are the results achieved to date relevant in the political, geographic and socio-economic context?
- To what extent are the support provided by the programme and the results achieved relevant to the needs of farmers?
- How relevant is the irrigation type in relation to beneficiary targeting?
- How relevant are the irrigation types implemented by SIP in relation to climate change?

Political, geographic and socio-economic relevance: SIP is relevant in the current political, geographic and socio-economic context. The programme is tightly aligned with the constitutional mandates of the different spheres of government, and it promotes federal state building. Anchored in the provincial government (PG), SIP works in close coordination with LGs and the communities they serve. The relevance of this political engagement is indisputable, as it not only aligns with the constitution and federalism principles but also bolsters the political legitimacy of the PG and LGs. In addition, the programme facilitates alignment of irrigation schemes with broader developmental plans and strategies in these federal spheres, thus enhancing policy integration. However, the use of government systems and a participatory approach, while relevant, also presents challenges to the efficiency and effectiveness of SIP, which are explored further below.

Relevance to farmers

Smallholder farmers in SIP regions benefit from surface irrigation provided by irrigation schemes, from community participation in planning and constructing these schemes, and in some areas, from better links to agricultural advisory services and output markets. There is an ongoing discussion within SIP about the relevance of the schemes to households from disadvantaged groups (DAGs). A household is identified as such if it is both (a) socially discriminated against based on ethnicity or is female headed irrespective of ethnic background, and (b) it has food sufficiency for less than 6 months per year from any source of production or income less than US\$1.25 per day per person. The majority of SIP irrigation schemes cover more than 5 ha and are located mainly on *khet* land, which DAG households historically do not own, thus limiting effective and inclusive targeting of beneficiaries. In the past, SIP has used a smaller scheme design to increase the inclusion of DAGs. Despite obstacles in targeting, a recent study by Innovative Circle (2022) indicated that 46% of households participating in SIP schemes were from DAGs, underlining a significant project achievement.

Table 2 - Overview of findings from the self-evaluation, by criteria and results area

Impact	Small Farmers, especially from the disadvantaged groups (DAGs) reduce their poverty by increasing their agricultural income										
Relevance											
Impact											
Outcome statements	Local Governments respond effectively to needs of small farmers for irrigated agriculture			Small farmers especially from DAGs increase agricultural productivity and shift from subsistence to commercialized agriculture					Market actors offer innovative supports and products to farmers in irrigated schemes		
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Outputs	PG strenghtens its capacity to support LG	LGs strengthen their cap. to implement irrig. schemes	LG support farmers in irrig. Ag	Farmers organise themselves in WUA	WUA build / rehab irrig. schemes	WUA O&M system	Farmers access ag extension services from LGs	WUA plan their production based on com. Opp.	Input providers provide services.	Output traders establish contacts with WUA	Farmer sell their products
Efficiency											
Sustainability											

Legend for the colors

The results are as expected	Results achieved but with challenges.	Results are not achieved there are issues
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The project team recognises that planning for smaller irrigation schemes might enhance targeting. However, the execution of such schemes demands comparable resources, potentially affecting the project's capacity to reach the planned coverage in terms of hectares. In summary, even though the average scheme size and location constrain effective targeting of DAGs, the project has still demonstrated remarkable progress in reaching these groups. Moreover, the team remains committed to developing strategies that enhance targeting, while managing resources in such a way as to reach the planned coverage.

In this regard, the Innovative Circle study found that SIP has overestimated by 12% its reported success in reaching DAGs. This resulted from two main factors: first, a technical issue in defining food sufficiency and, second, an experimental or measurement error due to the sample size. In the verification study, a sample of 1,400 households was used to estimate the proportion of DAGs from a total target population of 65,000 households. The SIP project document states that it needs to reach at least 40% of DAG households in keeping with social inclusion and leave no one behind (LNOB) principles. The Innovative Circle report made the following recommendations:

- SIP should decide whether it is worthwhile to use income status rather than food sufficiency to estimate the percentage of DAG households per scheme, based on operational considerations.
- SIP should build the capacity of its enumerators and standardise data collection.
- SIP should take into consideration the findings of this verification study and from now on, adjust its reporting to consider the overestimation of DAG households. The average percentage of these households in its current schemes should be estimated at 46% instead of 58%, on average.

The SIP team has decided to continue using its methodology - with one change related to the size and location of the area used to estimate food sufficiency - to estimate the percentage of DAG households reached and has strengthened the capacity of its enumerator. The self-evaluation discussed whether the project needed to adjust its past reporting, deducting 12% from the reported percentage of DAG households reached. It was agreed that, instead, SIP should recognise that the value it reports includes a margin of error.

This margin of error can be calculated using a formula for a random sample from a population. For such a population, when calculating the margin of error for a confidence level of 99%, the Z-score is 2.576. The formula for calculating the margin of error is: $E = Z * \sqrt{[P*(1-P)]/n}$ where: E is the margin of error, Z is the Z-score, P is the estimated proportion of the population categorised as DAG and n is the sample size. So, the margin of error or experimental error for a sample of 1,404 households from a total population of 65,000 households, with a 99% confidence level, is approximately $\pm 3.5\%$.

Recommendation 1: Include the margin of error and include the full command area. The food sufficiency criteria should now consider the full command area – i.e., all the land they own- and not only the irrigated component of the land per HH, as well the percentage of DAG households reached should always include the margin of error in the reporting. The error is estimated at $\pm 3.5\%$; thus, the target that SIP should reach to be successful is not 40% but $43.5\% \pm 3.5\%$.

Relevance to climate change: In Nepal's Koshi Province, building or rehabilitating small irrigation schemes is particularly relevant to climate change for several reasons. A recent study by String Engineering, titled **Design Verification and CEDRIG Analysis Study**, evaluated the impact of climate change, environment and disaster risk reduction strategies on SIP schemes. One of its conclusions is that natural disaster, climate, and environmental risks could affect the sustainability of the schemes. At the same time, the schemes are likely to affect the climate and their immediate environment to a small extent. *The report concludes: 'However,*

due to the careful implementation of the program, ample consideration of risks in the design and implementation of the schemes, and due to the small scale of individual schemes of the program the overall risk is low’.

During the self-evaluation, the following points about climate change were discussed and agreed:

- Improved water management: The irrigation schemes can optimise the use of water, a vital resource that climate change is expected to make scarcer and more variable.
- Food security: As climate change poses risks to crop production, such schemes can ensure a consistent water supply, thus boosting agricultural productivity and contributing to food security.
- Climate resilience: The irrigation systems can help farmers adapt to changing weather patterns by allowing for more controlled and efficient use of water resources, thus enhancing resilience to climate-induced risks.
- Sustainable agriculture: Well-managed, small irrigation systems can promote sustainable agricultural practices, contributing to ecosystem health and mitigating some effects of climate change.
- Community empowerment: These schemes can also empower local communities by offering them a measure of control over their water resources and thus enabling them to better navigate the challenges of a changing climate.

Based on those points, the evaluation offers the following recommendations:

Recommendation 2: Assess viability of the schemes. SIP should assess a sample of schemes previously developed to ascertain if alterations in climate patterns have affected their flow rates.

Recommendation 3: Improve water management within the scheme. Where possible and financially sound, SIP should add water management technologies in the design and implementation of the irrigation schemes. Such technologies can include drip or sprinkler irrigation instead of flood irrigation without major changes in the schemes' current design.

Coherence

Key guiding questions for the evaluation

- How does SIP complement national and provincial plans?
- How does SIP contribute to the Swiss Cooperation Programme?
- To what extent does collaboration with NAMDP foster synergy between the two SDC projects for achieving their common objective related to market linkages?
- To what extent has the project created synergy with agricultural units (ADCs/EDCs) at the local level? At what stages do they interact with each other and for what purpose?

National and provincial plans and Swiss Cooperation Programme: SIP aligns with national and provincial plans by functioning within government structures. Since 2006 and the early phase of the Local Infrastructure for Livelihood Improvement (LILI) project until the current phase of SIP, SDC has accompanied a transition from infrastructure-focused projects to state-building initiatives. The latter support the three spheres of government as well as communities in planning, constructing or rehabilitating small-scale irrigation schemes. It is noteworthy in this regard that SIP has two complementary objectives: first, as a federal state-building project and second, as an irrigation project. This ensures coherence with national and provincial plans in support of infrastructure development, while offering financial and technical assistance to local governments and farmers. In addition, SIP is fully aligned with two key

outcomes of the Swiss Cooperation Programme – federal state building and the enhancement of employment and income.

Synergy with NAMDP: Theoretically, collaboration with the Nepal Agricultural Market Development Programme (NAMDP), also referred to as Sahaj, was designed to foster synergy between these SDC-funded projects, both of which aim to bolster agricultural development and market linkages. Evidently, efforts have been made to create these synergies, as demonstrated by the signing of a memorandum of understanding (MOU) in October 2020, by the presence of NAMDP staff in SIP offices, and by various coordination meetings and collaborative activities conducted jointly. However, this self-evaluation concludes that, while the planned collaboration is relevant, it has not proved as effective or efficient as initially intended, a point discussed in the next section.

Synergies with agricultural units: While SIP's collaboration with LGs in the agricultural sector is relevant, the programme has encountered challenges in the delivery of rural advisory services. Despite these, the project has successfully fostered synergy in certain areas by inviting LG officials, such as junior technical assistants (JTAs), to participate in project activities when and where possible. Some impressive results have been achieved within the SIP target area, where 61% of the Agriculture Development Committees (ADCs) convened regularly, though only 14% prioritised agricultural support. Advisory services provision by LGs is inconsistent and varies greatly amongst LGs. Though some LGs, especially those with more JTAs, do provide these services, often they are not timely, efficient or adequate. Similarly, though all LGs distribute seeds and other inputs, their approach is frequently untimely and ad-hoc. These structural issues have lessened the potential for synergy between SIP and the LGs' agriculture unit. There are exceptions, however, notably, in Udayapur, where the operational workshop observed successful collaboration with the SIP team and robust LG participation, which resulted from personal relationships rather than institutional collaboration and coordination.

Due to the LGs' limited human resources, farmers access agricultural inputs and advisory services primarily through private agro-vets. This shortage limits the LGs' ability to provide comprehensive rural advisory services. Moreover, while LGs are more active in providing veterinary services, they take a top-down approach to agricultural input services, revealing a disconnect between LG services and farmers' needs. The project has supported schemes using local agriculture resource persons (LARPs) to address these issues. The effectiveness and efficiency of the LARPs are discussed below.

The financial limitations of LGs in providing agricultural services pose another significant challenge. Doubts persist concerning the LGs' ability to fund more demand-driven services. Moreover, the conditions tied to funding from federal or provincial governments limit the breadth of input services. Such funds are often allocated to specific locations, which may not be the most suitable or promising for successful agricultural development, indicating a gap in the planning process. SIP cannot effectively address many issues, so the project will adopt an opportunistic approach, engaging with agriculture units where there is adequate capacity or willingness.

Recommendation 4: Agree that some targets will not be achieved. The programme coordination committee (PCC) should agree that the targets defined under the output LGs *build their capacity to provide support to the farmers in irrigated agriculture development* were too ambitious in the current context and should accept that SIP will not be able to reach them. SIP will continue to engage opportunistically with LGs (ADC), where there is potential for success but taking care not to overstretch its resources.

Effectiveness

Key guiding questions for the evaluation

- To what extent and in how timely a manner have the planned outcomes been achieved?
- What key factors have contributed to or hindered success in achieving outcomes?
- Which assumptions in the Logical Framework Matrix (LFM) and Theory of Change (ToC) have held true or not?
- To what extent are the core values and principles of the programme (GESI, equity, transparency, non-discrimination and accountability) applied throughout the project cycle?
- What unexpected and unintended positive or negative effects have resulted or may happen?

Extent of outcome achievement and application of core values: SIP is multifaceted, with three key outcomes¹ that cover state building, sustainable and resilient access to water for agriculture, and improved agricultural productivity and economic development. The programme is progressing well in most areas, particularly with respect to its core mission of improving access to water for agriculture. It is achieving planned outcomes on schedule, increasing the area under irrigation as expected and delivering benefits to all expected beneficiaries. In 2022 alone, the programme rehabilitated 316 irrigation schemes, benefiting 13,505 small-farming households and increasing the irrigated area by 5,684 hectares. The project also exhibits strong commitment to GESI principles. About 95% of the WUAs include at least 40% women in committee positions, with at least one woman or representative from a discriminated group in a leadership role. Furthermore, 74% of the jobs created through construction of irrigation schemes have gone to individuals from discriminated groups, with 62% to DAGs. SIP also demonstrates a high level of resilience and adaptation, having redesigned and re-surveyed schemes in areas affected by unseasonal rain in 2021.

The planned results for outcome 1 are being partly achieved. All participating LG councils are selecting new irrigation schemes for implementation, and all of the 58 working LGs have a dedicated focal person for SIP management, with ensured timely payments to WUAs within 30 days of bill recommendations. These are impressive results. On the other hand, PG support for the LGs in developing irrigated agriculture is progressing more slowly than expected due to several obstacles. These include delays in approving draft guidelines for small-scale irrigation, coordination challenges and limited human resource capacity in both the PG and LGs. The scarcity of human resources in particular has not only prolonged the approval process for irrigation guidelines but also hindered the PG's regular monitoring visits and coordination with LGs.

Key correct or wrong assumptions: SIP's design is based on several assumptions, some of which proved to be accurate, while others did not. For instance, the supposition that irrigation would increase productivity proved to be valid, and so did the assumption that increased productivity would lead to greater sales.

However, some assumptions concerning agricultural service provision and market incentives turned out to be inaccurate. For example, the assumption that increased productivity would draw input providers or larger traders proved to be largely incorrect, primarily because the small size of the schemes (5 hectares) is not conducive to commercialisation, given unpredictable and low yields. Also, the expectation that all public extension systems would have the capacity and be inclined to support WUAs proved to be false. Furthermore, this influenced the allocation of funds for outcome 3, which was based on the erroneous

¹ LGs respond effectively to the needs of small farmers for irrigated agriculture; (2) small farmers, especially from DAGs, increase agricultural productivity and shift from subsistence to commercialised agriculture; and (3) market actors offer innovative support and products to farmers in irrigated schemes

assumption that, for the most part, LGs would provide agricultural services under outcome 1, with the private sector playing a merely supplementary role.

SIP overestimated the importance of risk-taking and entrepreneurial spirit in stimulating farmers' shift to commercial agriculture. More important factors included irrigation availability, profitability of cash crops, market access, infrastructure and limited governmental input services. Amongst the hurdles to this transition were limited access to input services, wildlife-induced crop damage (also called 'monkey terrorism'), inadequate agricultural services from LGs, transportation constraints, and workforce shortages due to migration. Despite their vocal support for agriculture, many LGs do not allocate their budgets accordingly.

Farmers often resist scaling up production for various reasons. The dominance of lower-priced Indian products in the market undermines local competitiveness. Insufficient infrastructure, like cold storages and collection centres, limit access to start-up funds and advisory services, and the limited capacity of local markets in smaller areas deters increased production volume.

The assumption that WUAs would function like agricultural cooperatives or register as agricultural groups was mistaken, complicating service access, with WUA members often operating as individual farmers.

A key factor of perceived failure or success – NAMDP and SIP collaboration:

Collaboration between SIP and NAMDP has been hindered by both incorrect design assumptions and a lack of clarity, despite the signing of an MOU. There appears to have been a mismatch in expectations and a perceived lack of clarity about roles and responsibilities from the beginning. NAMDP staff interviewed during the self-evaluation admitted that they lack the technical capacity and resources to engage widely with WUAs or interested market input and output traders. SIP's expertise lies primarily in construction, and agriculture now falls outside the programme's area of proficiency. The engagement between SIP and NAMDP tends to be event driven, with insufficient follow-up and monitoring. Discussions between the two projects have aimed to improve collaboration and have identified potential strategies to link farmers with traders or engage with cooperatives, but these efforts have not yielded the expected success. The time has come to stop pointing fingers and accept that the collaborative endeavour, first undertaken during the Nepal Agriculture Growth Initiative (NAGI), has faced many challenges, preventing its success. It is imperative now to temper expectations and capitalise on the few successes that have emerged.

Recommendation 5: Achieve a soft landing and lower the field of observation. SIP should gradually cease joint activities with NAMDP that are deemed ineffective, distracting or overly resource intensive. These include initiatives such as the multi-stakeholder's platform and the blanket approach to training of trainers (ToT) related to LARPs. Instead, SIP and NAMDP should concentrate their efforts on a select few impactful activities, such as their engagement with cooperatives.

In this regard, while LARPs are a recognised alternative for providing extension services to farmers, SIP proposes another method that supports federal state building. This involves enhancing the capacities of public extension agents, such as the junior technical officers (JTs) and JTAs. SIP is currently considering offering production planning and postharvest training to JTs/JTAs, where they are available, enabling them to support farmers more effectively. Udayapur could offer an ideal starting point, as some systems are already established there. This approach would align more closely with programme outcomes than the use of LARP resources, thus providing SIP with a more sustainable exit strategy and contributing more effectively to its core function of federal state building.

The outcome that *Market actors offer innovative supports and products to farmers in irrigated schemes* remains valid, but the field of observation of the indicators should be lowered.

Indicators 3.1 or 3.2 related to contracts are not relevant in Nepal, and even with a broader understanding of 'contracts', the data these indicators provide is not useful for learning or steering.

This evaluation recommends that under 3.1, rather than give the percentage of WUAs that have contracted a service provider, SIP should provide the number and types of services that input market providers (such as private agro-vets) have offered to WUA members in selected schemes. This information will better inform the LGs about the type of services needed and purchased privately.

The evaluation further recommends that under 3.2, rather than focus on the percentage of schemes establishing contracts, SIP/NAMDP should collect the volume sold from a sample of schemes to output market traders or aggregators. The schemes linked to cooperatives with support from NAMDP could be used as a sample. This will provide insightful information on the type of market linkages that SIP/NAMDP collaboration has facilitated.

Indicator 3.3 will remain as is, measuring the percentage of farmers engaged in selling activities.

Efficiency

Key guiding questions for the evaluation

Operational

- To what extent did the approaches and processes applied for stages 1, 2, 3 and 4 prove appropriate for achieving results? And how efficiently were these approaches and processes applied?
- Are the implementing agencies performing their roles adequately?
- To what extent and how efficiently were the outputs achieved?
- Which alternative approaches might have led to better/similar results with lower costs/inputs?
- Are the mandated human resources adequate to achieve the results?
- What mechanism is followed within PMISC for decision-making, and how effective is it?
- How efficient is the organisational structure of the consultant (Joint Venture and PMISC)?

Appropriateness of approaches and process

The project cycle for designing and building irrigation schemes consists of four principal stages, as defined in the SIP project document:

Stage 1: 'Project identification, scheme verification, commitment for agriculture extension services by LGs and project preparation' primarily involves the identification, validation, and preparation of irrigation projects. The process consists of selecting appropriate LGs based on land and water resource suitability, registering and validating proposed irrigation schemes through the LGs' administrative processes, promoting joint water resource management amongst small irrigation schemes, preparing irrigation scheme construction projects through a participatory approach involving farmers, and, finally, obtaining approval from the LG council to incorporate the project into the local annual plan and budget.

Stage 2 'WUA institutional development and training on farm water management by LG' concentrates on the development of WUAs and their institutional capacities. A social safeguard officer assists in updating the inventory of beneficiary households and landholdings as well as in preparing a draft WUA constitution, by-laws and regulations. The WUA organises general meetings, enrolls members, finalises beneficiary contributions for investment as well as operations and maintenance (O&M), conducts a general assembly, registers, and holds elections for key roles, such as a chairperson, secretary and treasurer. Regular meetings are held to assess and promote activities for strengthening the WUA. This stage concludes with the signing of an MOU for project implementation, which delineates specific activities, schedules and institutional responsibilities, and is signed by the WUA executive committee chair and LG mayor or representative.

Stage 3 'Construction and linkages with markets' focuses on the execution and evaluation of civil works, as planned. This stage begins with the mobilisation of beneficiary contributions, with the social safeguard officers and irrigation technicians motivating the WUA to initiate the works. A community contract is then signed for WUA payable work, promoting employment of DAGs, with equal pay ensured for male and female workers. Once construction is completed, a thorough testing and commissioning process is carried out in the presence of WUA members, SIP staff and representatives from the Infrastructure Development and Environment Management Section (IDEMS). This includes checks on design flow at critical canal locations and public audits. Deficiencies found during this process are duly noted and rectified.

Stage 4 'Initial operation and maintenance, agriculture development, and post-construction monitoring and support' focuses on the implementation and supervision of O&M as well as agricultural practices post-construction. The LG JT or JTA along with SIP prepare an integrated crop and water management (ICWM) plan detailing the necessary physical improvements. Before the irrigation season, the WUA develops a system operational plan, based on farmers' irrigation demands, as well as contingency plans for low-flow conditions.

Agricultural extension staff should provide support under the Economic Development Section (EDS) of the LGs, promoting enhanced irrigated agriculture practices and commercial crop introduction for at least 2 years post-construction. Following project investment activities, the WUA takes over responsibility for the annual activity cycle, including O&M planning and implementation, agricultural activities, and performance monitoring, including external financial audits.

The self-evaluation findings for each stage are described below:

Stage 1: Task committees have been formed, and the PG, with support from SIP, has developed guidelines for the one-window system to identify, budget, implement, monitor and support small irrigation.

The process of selecting irrigation schemes varies across LGs, often due to varying skills and expertise but sometimes due as well to political influence. While such influence may skew priorities, it has not caused major disruptions, as it often involves preference for one scheme over another. Yet, this influence can impact SIP-LG relations, if elected officials' preferences are not met. However, no financial misconduct or risk has been identified, with most of these demands driven by political interests. Such interests can be balanced with technical criteria by prioritising schemes that follow the established process, public audit and accurate reporting, which SIP is already implementing. Some complaints were noted, in which the construction of certain irrigation schemes seems to be concentrated in one area of the LG – i.e., in specific wards. In some cases, this is due to the availability of water, while in others it could reflect political preferences. This tendency can be mitigated by considering equitable ward-wise distribution during scheme surveys, assuming water sources are available.

Recommendation 6: Create a scheme bank. Enhancing the scheme pipeline would require the establishment of a 'scheme bank' (e.g., a long list of schemes that have been pre-selected and pre-screened, and are ready for rehabilitation or construction). This bank should include all potential irrigation systems across all wards and not be limited to SIP criteria. Public awareness efforts, like radio advertisements and public notices, could stimulate farmer involvement in pre-selection but should as well manage expectations. A project bank can enable systematic planning and execution, avoid scheme duplication, and optimise resources. Yet, establishing a project bank presents challenges, including the fluctuating preferences of elected officials and limited LG resources, and would require ongoing scheme verification and updating. As the project enters its final stages and develops an exit strategy, it might not be feasible to implement this recommendation before the phase ends. SIP should encourage the LGs and PGs to consider such a bank in the future.

Stage 2: The institutional development of more than 1,000 WUAs is a key success of the project, with processes and procedures functioning during construction in adherence to SDC's GESI core values.

Stage 3: SIP has succeeded in the construction of irrigation schemes, because it fills the capacity gaps of the LGs and is able to construct these schemes very efficiently. However, it is worrying that halfway through implementation of SIP's second phase, the LGs possess only a very patchy capacity to design and construct the schemes independently. Moreover, LG ownership of the projects is not always evident. The exit strategy will need to address this shortcoming to ensure that the results achieved are sustainable and that LGs can collaborate with communities and WUAs, while applying the necessary skills to design and contract the delivery of needed irrigation schemes.

Stage 4: During the self-evaluation, an insightful discussion addressed the project's O&M strategy. Before SIP intervention, farmers operated and maintained their irrigation systems informally. They repaired minor damage and cleaned the system collaboratively, as required, without written rules or financial contributions. This arrangement worked until substantial damage occurred that farmers could not repair, resulting in dysfunctional schemes. SIP has implemented strategies to improve O&M, including upfront fund collection, training and subcommittees for this purpose. However, fund collection is sporadic, and monitoring mechanisms are inadequate. Project engagement post-construction is minimal, and WUAs often become inactive, resulting in uncollected funds. Addressing these challenges and sustaining O&M systems would require heightened advocacy and increased LG involvement. SIP schemes should be connected with other LG services, and LGs should play a more active role in coordinating and advocating these systems. At this stage in the project, however, the evaluation does not recommend investing resources and time in such advocacy, as the benefits would not match the effort required.

Further, when asked whether removing the mandatory O&M account would benefit the project, the SIP team favoured the establishment of a WUA account for the O&M fund with clear procedures for its usage and withdrawal. This would be a key step, the team noted, in the WUAs' institutional development, since members must discuss and agree on account signatories and its usage during construction. Thus, even if the account is not used as intended for O&M post-completion, its establishment forms part of institutional development, and should be maintained.

To enhance the scheme's sustainability and convince WUAs and LGs of the need for ongoing O&M, the team devised the following solutions at the programme and policy level:

Programme: If possible, SIP should encourage WUAs to consider the important need for O&M funds or systems. WUAs should be able to explain current O&M mechanisms – such as the compensation of O&M workers with cereals or other crops. And if these local mechanisms are equitable, they should be incorporated into WUAs' practices along with the O&M account created by the project.

Policy: LGs could introduce a maintenance policy that distinguishes between routine O&M handled by WUAs and major maintenance managed by LGs. The LGs should also identify tasks that exceed farmers' abilities and consider supporting the major repair needed, this would mean that LGs would need to maintain a maintenance fund to ensure funds are available when needed. The feasibility of such a fund was not tested during the self-evaluation.

Recommendation 7: Adapt O&M to the local context. SIP should continue meeting the mandatory requirement to establish an O&M account, but the project should not insist that all WUAs collect water fees after the up-front 1% payment. Instead, it should encourage WUAs to continue their current maintenance and traditional practices in combination with innovative SIP practices. The project should as well engage in policy dialogue with the LGs with regard to major maintenance or insurance.

Adequacy and efficiency of producing outputs: The self-evaluation determined that the joint venture (JV) is performing its role adequately. However, the efficiency of project delivery depends on the capacity and motivation of LG and PG staff to fulfil their mandated roles. As stated earlier, SIP today acts both as a federal state-building project and as a technical project constructing small-scale irrigation schemes. Consequently, SIP does not have complete control over its efficiency in delivering outputs, which also depends on the capacities of LGs and PGs. Following are more specific responses to the key guiding questions:

Are the implementing agencies performing their roles adequately? The answer to this question is nuanced. Strictly speaking, the implementing agencies are the LGs; the PG has the main leading and coordinating role; and SDC contracted the JV as an implementing partner to provide the LGs and PG with technical assistance. That being the case:

- Yes, the JV/SIP staff are performing adequately and even delivering more than what the project document called for.
- No, some LGs and the PG are not yet performing their role adequately, and the project is filling capacity gaps to ensure delivery of schemes as well as adequate financial and technical reporting to the coordination committee.

To what extent and how efficiently were the outputs achieved? The outputs are being generated as efficiently as possible within the constraints of the government's public procurement system, as discussed below in the subsection on fund flow.

Key guiding questions for the evaluation

Fund flow and finance

- What is SIP's internal control system for minimising risks of programme audits?
- What are the fiduciary risks associated with WUAs/PMISC/LGs?
- What factors enhance and/or hinder compliance with administrative and financial procedures (e.g., timely settlement of advances, reimbursement of DSA and compliance on procurement)?
- Are the provisions (e.g., budget and systems) adequate to achieve the results?
- How efficient are the funds flow mechanism and financial reporting?

SIP is committed to working with the government system. Nonetheless, since the federal system is still under development, the financial systems of the three spheres of government are not yet synchronised, and each uses a different system. For this reason, the fund flow from budget allocation at the federal, provincial and LG levels constrains project implementation. This was the focus of discussions during the operational workshop and of a presentation by the finance team (Annex 4). There are issues at various levels, but all stem from the need to work across different systems – federal, provincial and local – with different sources of funds at a time of fiscal constraint. Several issues in fund flow affect both efficiency and effectiveness. The project has dedicated a lot of time and resources to troubleshooting these issues and adhering to its financial reporting obligations.

Fund release: Funds from different sources are not released concurrently. The federal government releases the budget first, followed by the PG. Sometimes, the release of SDC funds is also delayed by the requirement of a fund release letter for foreign aid. This staggered release schedule hinders operations, as LGs do not receive all the funds on time to start paying for construction. Moreover, as the Financial Comptroller General Office (FCGO) insists on maintaining the proportionality of expenditures at all times, LGs could face a *beruju* (disallowance) by the FCGO, if they start using the funds they have, without considering the source or proportionality. The LG's 20% contribution is not always provided on time, meaning that the quarterly funds received are insufficient to cover costs.

Reporting and processing payments: LGs are reluctant to raise multiple bills and prefer instead to pay in a few instalments for two reasons. First, the monitoring committee must visit the scheme to confirm that work has been done before releasing the funds. Second, LGs that wish to respect proportionality often delay payment until funds from all sources are received. Similarly, WUAs are not interested in raising multiple bills, preferring to request one payment as a final bill. This leads to a discrepancy, in which physical completion is greater than financial completion.

Recommendation 8: Refine and implement the following programme/policy/political strategy.

- Programme: Engage with the LGs' finance sections to improve understanding of fund flow management, timelines, proportions and reporting. Strengthen the capacity of LG finance staff in funds flow management. Promote the sharing of good practices amongst LGs to encourage horizontal learning.
- Programme: Hire additional human resources for the financial team, including at a minimum one short-term accountant to support the team on issues of fund flow and financial reporting.
- Programme: Engage with both community and the LG to raise timely running bills
- Policy: Implement scheme-wise budget/expenditure in SUTRA (LGs' accounting system) – a step that would require external expertise – and finalise endorsement of the one-window policy. Engage in policy dialogue to ensure respect for the clause in the LG/WUA agreement about timely release of funds for WUAs.
- Political: Earmark LGs' budget for each scheme, as opposed to a bulk allocation for SIP. Engage with elected representatives along with the finance team.

Sustainability and impact

Key guiding questions for the evaluation

- How appropriate and sustainable are the inputs provided by the project for institutional strengthening of LGs and WUAs?
- To what extent do the approaches and processes applied by the project foster sustainability of the scheme and its benefits?
- To what extent do the approaches and processes applied by the project foster sustainability of the LGs' working modality?
- What evidence is there indicating that the achieved effects will continue after SIP's completion?
- Which factors might enhance or hamper the achieved effects?
- What positive, lasting effects can be perceived?

Appropriateness and sustainability: The inputs provided by the SIP project, such as institutional strengthening and capacity building of LGs and WUAs, are largely appropriate and sustainable. The project has facilitated the development of more than a thousand WUAs and implemented operational procedures during construction. Despite various challenges, such as irregular fund collection for O&M, the project's strategies show promise in fostering a culture of self-reliance and sustainability amongst WUAs and LGs. However, it is crucial to continue these efforts and actively involve LGs in coordinating and advocating for these systems.

The project's approach to establishing and strengthening WUAs, its use of durable construction materials, and involvement of LGs is a significant step toward ensuring the sustainability of the scheme. The idea of a project bank, which would allow more systematic planning and prevent scheme duplication, would also contribute to the overall sustainability of the project. Its modality has played a significant role in fostering federal state building and strengthening LGs' capacities. The project empowers LGs to manage the irrigation schemes autonomously, thus ensuring their active participation. However, issues such as inconsistent fund releases and the changing preferences of elected officials may pose challenges in sustaining the project modality.

An internet-based Management Information System (MIS) and an automated project preparation system are operational for SIP. Currently, the project team uses the SIP MIS for program performance monitoring. Data is input into the computerized MIS, which is then aggregated and presented in progress reports. Similarly, the online semi-automated design

system enhances quality assurance and control for design work, ensuring consistency in both designs and cost estimates.

However, LGs have not yet been granted access to either system. The overall target for the phase is to provide all LGs with access to both systems, which are expected to be anchored and maintained by Koshi Province.

For SIP to successfully and sustainably hand over the system, two primary tasks must be accomplished. First, the system's server needs to be set up at MoWSIE and re-configured according to the requirements of both the province and local government. The associated costs, along with the operational and management considerations, remain to be discussed. Second, it's crucial for LGs to develop the requisite capacity to effectively use and manage the PPR system for designing and estimating the costs of irrigation schemes.

The project has key concerns about the ability of the LGs to take over fully by the end of the current phase:

- LGs currently lack the human resources and technical capacity to implement small irrigation schemes independently. Therefore, SIP's exit strategy should emphasise technical capacity building, policy development and funding mobilisation based on the project's experience.
- LGs are not currently prepared to take over the implementation of small irrigation schemes due to a lack of staff, technical expertise and funding assurance. Key needs include establishing participatory planning review systems, training technical teams and endorsing the Small Irrigation Guidelines (SIG).
- Enhanced O&M policy at the LG level could enhance the sustainability of SIP's efforts by ensuring that LGs would assume responsibility for any maintenance that is beyond the scope of the WUAs.
- To prevent the federal government and PG from encroaching on the rights of LGs to implement small irrigation schemes requires active engagement and lobbying at the level of federal policy and act-making until the end of the current phase. SIP should keep LGs informed about ongoing amendments to federal irrigation policy.

Recommendation 9: Define an exit strategy and fund an extension. The Programme Coordination Committee has already proposed an extension until July 2025 to align the end of the SIP with Nepal's fiscal year. However, SDC should consider an additional short phase to accompany an exit strategy. SIP should design and implement this strategy, considering the capacity gaps identified.

Positive and lasting impact: Increased productivity and sales of agriculture products will reduce poverty by increasing agriculture income in the SIP area. This constitutes a lasting impact from rehabilitation of the irrigation scheme in close collaboration with LGs and communities. Other positive, lasting effects include the development and institutional strengthening of WUAs, increased LG capacity to manage irrigation schemes, improved O&M practices, and increased potential for a more systematic and optimised approach to future irrigation schemes. Moreover, the project's core values of GESI are reflected in the high representation of women and marginalised groups in the WUAs. This not only promotes equality but also ensures diverse and inclusive decision-making, which can lead to more sustainable outcomes.

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Annex 1 - Inception report and methodology Self-evaluation of Small Irrigation Programme, Phase II

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Introduction

The Swiss Agency for Development and Cooperation (SDC) has been a committed partner in the sustainable development and progress of various sectors in developing countries, with a strong emphasis on promoting economic growth, social equity, and environmental stewardship. One such initiative is the Small Irrigation Programme, Phase-II (SIP-II) in Nepal. Implemented by the Government of Nepal (GoN) in collaboration with the Government of Switzerland, SIP-II builds upon the experience of implementing SIP, Phase I and focuses on the mid-hills of Province 1. The program aims to provide year-round irrigation to 20,000 hectares across approximately 1,300 small-scale irrigation systems through a community-driven process, benefiting 65,000 farmer households.

The primary objective of SIP-II is to increase the agricultural income of small farmers, particularly those from disadvantaged groups (DAGs), and reduce poverty in the targeted areas. The program has outlined three key outcomes to achieve this: (i) enhancing the capacity of Local Governments (LGs) to respond effectively to the needs of small farmers for irrigated agriculture; (ii) enabling small farmers, especially those from DAGs, to increase agricultural productivity; and (iii) fostering the development of innovative support systems and products for farmers in irrigated schemes by market actors.

This inception report serves as the foundation for a self-evaluation of the SIP-II, which aims to assess the program's performance, effectiveness, and impact since its inception. The evaluation will delve into both technical and strategic aspects, providing valuable insights for the continuous improvement and future direction of the program. A list of 33 guiding questions structured along the OECD evaluation criteria of Relevance, Coherence, Effectiveness, Efficiency, Sustainability, and Impact have been developed and are included in the ToR (See Annex 1).

The technical evaluation will focus mostly on efficiency aspects even though some technical aspects are related to relevance and sustainability. The questions under the efficiency section (See Annex 1) aim to assess how well resources are being used throughout the project cycle, focusing on the appropriateness and effectiveness of approaches and processes at different stages. They evaluate the performance of implementing agencies and consultants, the engagement of the various spheres of government, the adequacy of human resources and provisions, and the efficiency of established systems such as the project preparation report (PPR¹) and the Management Information System (MIS)². Additionally, the questions explore the internal control systems and organizational structures, as well as the factors influencing the efficiency of funds flow mechanisms, financial reporting, and compliance with administrative and financial procedures. Overall, the questions seek to understand the project's resource utilization and identify potential improvements or alternative approaches to enhance efficiency.

On the strategic front, the evaluation will investigate the program's alignment with broader development objectives and its contribution to the overall growth of the agricultural sector in Nepal. This encompasses examining the links between the irrigation schemes and input and output markets, the facilitation of market access for smallholder farmers, and the promotion of agricultural value chains.

¹ In the case of SIP, a PPR serves as a guiding document for the planning and execution of small irrigation projects.

² In the context of SIP (Small Irrigation Programme), MIS stands for Management Information System. A Management Information System is a computer-based system that collects, processes, stores, and disseminates data to support decision-making and management tasks within an organization. In the case of SIP, the MIS is used to track project progress, manage resources, monitor performance indicators, and generate reports, ultimately helping to ensure efficient and effective project implementation.

This self-evaluation, conducted during the third year of project implementation, is guided by a participatory approach, and will involve key stakeholders either in engaging with them during the self-evaluation process or using reports and knowledge and experiences from the project team. An inclusive methodology will ensure that diverse perspectives and experiences are considered in the evaluation process, ultimately leading to a more robust and meaningful assessment of the program's achievements and shortcomings. The findings from this evaluation will not only contribute to evidence-based decision-making but also inform the design and implementation of future initiatives aimed at enhancing the agricultural sector and promoting sustainable development in Nepal and beyond.

Objectives

The main objective of the self-evaluation is to carry out a critical self-reflection of Small Irrigation Programme, Phase II to deal in a systematic and effective manner around issues or challenges that have and will arise during implementation. The specific objectives of the evaluation are:

- a) Assess the relevance of the project focusing on institutional setup in Province 1.
- b) Assess the relevance of the theory of change and the progress of the project against stated outcomes and outputs till date.
 - o A specific focus on the assumptions linking irrigation scheme and input and output agriculture market that were used to plan the potential synergies between NAMDP and SIP will be discussed.
- c) Assess the effectiveness and efficiency of the approaches applied for project implementation including linkages with agriculture extension services and input and output market actors.
- d) Highlight issues and challenges affecting the effective and efficient implementation of the project and the contribution of project activities to project outcomes and impact.
- e) Review the sustainability of the approaches adopted by the project till date.
- f) Identify issues and provide recommendations for the remaining period of the project.

The principle of the self-evaluation is that preparations and critical reflexion are made by the project team. The team owns the process and embraces the recommendations that might come out of the exercise.

Methodology and timeline

The evaluation is conducted from **March to May 2023**.

The evaluation will include the SIP team and key stakeholders, but it will be coordinated by a small group of experts led by Arya Sarad Gautam - SIP Team Leader (AG) and including Tulasi Nepal - SIP Management Advisor – (TN); Julien de Meyer - External consultant / M&E specialist (JdM) and Shrestha Binaya Raj - SDC Program officer (SHRBN).

The evaluation will include the following activities.

- **Literature review** of annual reports and technical reports produced conducted by JdM.
- **Cluster workshops** in each PMISC clusters offices: Dhankuta Bazar (for Bhojpur, Dhankuta and Terhathum), Fikkal (for Ilam and Panchthar), Diktel (Khotang), Okhaldhunga Bazar (Okhaldhunga) and Gaighat (Udayapur). Workshop will be facilitated by Tulasi Nepal with the online support of Julien de Meyer – The cluster workshop in Gaighat will be conducted on Sunday 7 May and will be facilitated both by Julien de Meyer, and Tulisa Nepal.
- **One validation and strategic workshop** in Biratnagar facilitated by Julien de Meyer.
- **Exchanges during the drafting** of the report led by Julien de Meyer with inputs from all.

A combination of desk review, focus group discussion and exchanges with key informant will be employed to gather the necessary information and insights. A summary of the key guiding questions is presented below:

3.1 Relevance i. Assess relevance of results in the political, geographic, and socio-economic context. ii. Evaluate the program's relevance to farmers' needs. iii. Determine relevance of gravity surface irrigation to beneficiary targeting. iv. Evaluate relevance of irrigation types in the context of climate change.

3.2 Coherence i. Assess SIP's alignment with National and Provincial plans. ii. Evaluate SIP's contribution to the Swiss Cooperation Program. iii. Assess synergy between SIP and NAMDP for market linkages. iv. Evaluate synergy with local agricultural units and their interaction stages.

3.3 Effectiveness i. Assess the achievement of planned outcomes and timeliness. ii. Identify factors contributing to success or challenges. iii. Evaluate which assumptions held true or false. iv. Assess the application of core values and principles throughout the project. v. Identify unexpected or unintended positive or negative effects.

3.4 Efficiency³ i. Evaluate the efficiency of approaches and processes across project stages. ii. Assess the performance of implementing agencies and consultants. iii. Identify fiduciary risks and risk mitigation strategies. iv. Evaluate the efficiency of output achievements. v. Explore alternative approaches for better/similar results. vi-viii. Assess the adequacy of human resources, provisions, and equipment. ix. Examine decision-making mechanisms within PMISC. x. Assess SIP's internal control system for finance and procurement. xi. Evaluate the efficiency of funds flow and financial reporting. xii. Assess the efficiency of the consultant's organizational structure. xiii. Evaluate the use of established systems (PPR, MIS) for achieving results. xiv. Identify factors affecting compliance with administrative and financial procedures.

3.5 Sustainability and Impact i. Evaluate the sustainability of institutional strengthening inputs. ii. Assess the sustainability of project approaches for scheme benefits. iii. Examine the

³ The review conducted in 2022 covered many aspects of efficiency, the cluster workshop will confirm or explore some of the aspects that need to be further explored.

sustainability of local government working modalities. iv. Identify evidence for continued effects after SIP completion. v. Determine factors that may enhance, or hamper achieved effects. vi. Identify positive, lasting effects of the intervention.

The evaluation will consider **Gender Equality and Social Inclusion GESI** and the integration of environment/climate environment and disaster risk reduction through literature review and discussion during the strategic workshop.

The timeline for all activities is foreseen below.

Activities	27/03-1/04	3/04 – 7/04	10/04-14/04	17/04-21/04	24/04-29/04	1/05-5/05	8/05-12/05	15/05-19/05	22/05-26/05	29/05-2/07
1 - Literature Review and inception report (JdM)										
2 - Ongoing Literature review and drafting component of the Self Evaluation report (JdM / TN)										
3 - Defining content of the Cluster workshop based on literature review and discussion with project team (AG / JdM / TN)										
4 - Cluster Workshop – Efficiency, effectiveness, and impact (TN)										
5 - Validation and strategic workshop in Biratnagar – Relevance and Coherence (JdM)										
6 - Feedback and discussion (AG / JdM / TN / SHRBN)										
7 - Draft report (JdM / TN)										
8 - Final report (JdM / TN)										

Activities 1 & 2 – Literature review: JdM will lead this review and analyse the progress reports and technical reports provided to draft the first elements of the self-evaluation report. **The draft report will be saved on a shared folder accessible by AG and TN.** A zero draft of the preliminary results is presented in a succinct manner in chapter 4.

Activity 3 – Defining the content of the Self Evaluation Workshop based on literature review and discussion. A preliminary analysis of the list of questions allowed us to separate the questions that could be answered during activities 1&2 and the ones that would need to be explored during activities 4&5 (see Chapter Preliminary results below). The content of the workshops will be discussed between AG, TN and JdM in April and will depend on the findings of the literature review and ongoing discussion among project team members. Activity 3 will define the key evaluation questions to be addressed during the workshops in efficiency, effectiveness, and impact. It will use the preliminary findings of the literature review to identify area to be evaluated, the areas to be evaluated will as well help identifying the stakeholders to be invited in each cluster.

Activity 4 – Cluster workshop

The content of the cluster workshop will be defined during activity 3, however a starting point is defined below.

Workshop structure: The workshop will begin with an introductory session, providing an overview of the evaluation objectives and the key evaluation questions. After a plenary session, the

participants will be divided into smaller working groups, assigning each group a specific set of evaluation questions to discuss and analyse. The facilitator will encourage open and constructive discussions within each working group, focusing on the appropriateness, efficiency, and effectiveness of approaches and processes during the project cycle. During the group work, the facilitator will ensure that each working group has a rapporteur to document key findings and recommendations.

Workshop activities: It is expected that the cluster workshop will have 3 sessions of 90 minutes for a total duration of 5.5 hours.

- a. Session 1 – Plenary - Focus Group discussion: Feedback on preliminary finding – TN will present the preliminary findings based on the literature review and encourage feedbacks and comments.
- b. Session 2 – Group work on specific set of questions: The participants are divided in group to address 4 specific set of questions; they will discuss in a group and rapporteur will present the findings to the group.
- c. Session 3 – Plenary Open discussion, a final session will encourage participants to share their experiences, challenges, and best practices.

Each cluster workshop will have a facilitator and a note taker - the workshops in Dhankuta Bazar, Fikkal, Diktal and Okhaldhunga Bazar will be facilitated by TN and the one in Gaighat (Udayapur) will be facilitated both by TN and JdM. A note taker will be identified by SIP. It is expected that the workshops in Dhankuta Bazar, Fikkal, Diktal and Okhaldhunga Bazar will take place between the 24 April and 5 May 2023 and will be facilitated by TN with online support from JdM. The cluster workshop in Gaighat (Udayapur) will take place on the Sunday 7th of May and will be facilitated by TN and JdM.

As the cluster workshop are being conducted, JdM and TN will discuss and synthesize findings, highlighting common themes, challenges, and best practices and identifying gaps or areas for improvement. JdM and TN will use the draft document on the shared folder to record this information.

Activity 5 – Validation and strategic workshop in Biratnagar

A validation and strategic workshop will take place in Biratnagar on Tuesday 9th May. It will include a small group of stakeholders to discuss and validate the preliminary findings of the cluster workshops and answer questions of coherence and relevance. This workshop will have a specific session on assumptions and synergies with NAMDP.

A full day of the 9th of May should be set aside for the workshop, the content and structure of the workshop will be defined as the first finding of the cluster workshops will be available and when more insight have been collected from the literature review.

It is expected however that the workshop will begin with a plenary session and the presentation of the findings from the self-evaluation workshops and the literature review. A panel discussion will then ensue. A group session will as well take place to discuss in detail some of the questions left unanswered and a specific session on assumptions on market linkages will as well take place.

Activities 6 & 7 Feedback, discussion and reporting.

The key task for activities 6 and 7 will include finalisation of the draft report, exchange between JdM, TN, AG and SHRBN to incorporate all feedback and agree on a list of recommendations and action plan to implement them.

Preliminary results

The questions listed in the ToR in Annex 1 can be separated in two sets to start the evaluation process. A set of questions can be answered first by literature review whereas a second set of questions will need to be answered during the workshops. A first separation is presented below, this division is not set in stone, and some questions may be answered by a combination of literature review and focus group discussions or workshops. The most effective approach will be to use both methods to gather a comprehensive understanding of the program's performance and impact.

Questions that will be answered first in the literature review – the numbers in bracket reflect the numbering of the questions in the ToR (See Annex 1).

- 3.1. Relevance (i.a, i.b, i.c, ii, iii, iv)
- 3.2. Coherence (i, ii, iii)
- 3.3. Effectiveness (i, iv)
- 3.4. Efficiency (ii, vi, vii, viii, x, xi, xii, xiii)
- 3.5. Sustainability and Impact (i, iii, iv, v, vi)

Question that will be used for focus group discussions or workshops.

- 3.1. Relevance (iv – Climate Change)
- 3.2. Coherence (iv)
- 3.3. Effectiveness (ii, iii, v)
- 3.4. Efficiency (i, iii, v, ix, xiv)
- 3.5. Sustainability and Impact (ii)

The literature review can provide information on the broader context, such as political, geographic, and socio-economic relevance, as well as the alignment of the program with national and regional plans, and the Swiss Cooperation Program. It can also offer insights reported in the progress reports and technical reports into the efficiency of the project cycle, the organizational structure, and the use of established systems.

Focus group discussions during the cluster workshops will help gather more specific, on-the-ground information related to project implementation, challenges faced, factors that contribute to success or failure, unexpected outcomes, and the effectiveness of internal control systems. They can also address questions related to the sustainability of the program and its impact on beneficiaries, local institutions, and working modalities. The discussion during the cluster workshops will as well support the internalisation of lessons learnt. As well, we will explore aspects of engagement of the project with implementing agency on political level, policy and programmatic level – the 3 Ps – level.

Some of the preliminary answers based on the literature review are presented below, this section of the inception report will be used to draft the evaluation report that will be saved on a shared drive.

Relevance

The results achieved till date are relevant in the following contexts (i):

- a. Political: The program aligns with the federal structure of Nepal, involving local governments, Province 1, and the Federal Government in program implementation.
- b. Geographic concentration: The program focuses on Province 1, addressing irrigation needs in a specific area.

- c. Socio-economic: The program targets small farmers, with a particular focus on disadvantaged groups and small landholders.

The support provided by the program appears to be relevant to the needs of the farmers (ii), as it helps increase agricultural productivity and provides year-round irrigation. Gravity surface irrigation (iii) is relevant to beneficiary targeting because it is a common and affordable type of irrigation system suitable for small farmers in the region. This type of irrigation system relies on gravity to distribute water from a higher elevation to lower-lying agricultural fields. It is suitable for the mid-hills of Nepal, where the terrain is characterized by slopes and varying elevations.

Other irrigation systems that might be relevant for smallholder farmers in the mid-hills of Nepal will be discussed during the cluster workshop could include:

Lift Irrigation: This system, which is in high demand from both the local governments (LGs) and beneficiaries, has the potential to yield better results for beneficiary targeting and can be a climate change adaptation measure. However, concerns about sustainability persist, leading to some apprehension from the project side.

Sprinkler irrigation: This system uses pressurized water to distribute it through pipes and then sprinkles it over the crops using rotating or fixed sprinkler heads. This method is suitable for crops requiring uniform water distribution and can be more water-efficient compared to gravity surface irrigation, this might not be relevant for SIP farmers.

Drip irrigation: This method delivers water directly to the root zone of the plants through a network of pipes, tubes, and emitters. It is highly water-efficient and can be used for high-value crops or in areas where water is scarce. Again, the question on the type of high value crops planted in SIP areas, will define if this system is relevant or not. Other system that could be discussed during the workshop include Micro-irrigation or Hillside water harvesting.

The selection of an appropriate irrigation system depends on factors such as the farming system, the needs of the farmers, local topography, water availability, soil type, and the crops being grown. Discussion at the workshops could explore the relevance of these alternative systems.

The relevance of the irrigation types implemented by SIP in the context of climate change is not directly addressed in the provided reports and will be explored during the cluster workshop and validation workshop.

Coherence

SIP complements the National and Provincial plans by supporting the development of irrigation infrastructure and providing financial and technical assistance to local governments and farmers. SIP contributes to the Swiss Cooperation Program by working towards sustainable agricultural development and poverty alleviation in Nepal.

The collaboration model with NAMDP (SAHAJ) potentially fosters synergy between the two SDC projects, as both programs aim to support agricultural development and market linkages. However, further investigation is needed to determine the extent of synergy between the two projects. The assumptions of the design that will need to be tested during the Strategic workshop are:

Complementary goals: SIP-2 aims to improve access to year-round irrigation for small farmers, while SAHAJ focuses on developing agricultural markets and value chains. Together, they can

create an environment where farmers have better access to both water and market opportunities, leading to increased agricultural productivity and income.

Infrastructure development and market linkages: SIP-2's focus on irrigation infrastructure can help increase agricultural productivity, while SAHAJ's emphasis on market development can help farmers get better prices for their products. Working together, these programs can enhance the overall effectiveness of agricultural investments and contribute to sustainable rural livelihoods.

Capacity building and knowledge sharing: Both programs involve capacity building and training for farmers, farmer groups, and local institutions. Collaboration between the two programs can lead to knowledge sharing and the development of best practices in irrigation management, agricultural production, and market development.

Leveraging resources and networks: Both programs are supported by international partners and have networks in place with government agencies, local institutions, and private sector actors. Collaboration can lead to more efficient use of resources and a broader reach, ultimately benefiting a larger number of farmers and communities.

GESI and social inclusion: Both SIP-2 and SAHAJ have a strong focus on gender equality, social inclusion, and targeting disadvantaged groups. By working together, these programs can strengthen their impact on these aspects, leading to more inclusive growth and equitable opportunities for all.

The two projects have worked with the intent to fully realize these synergies – both projects have actively collaborated, shared information, and coordinated their efforts at various levels - The self-evaluation will need to investigate if this was sufficient or if some assumption underlying the potential synergies were not correct.

Effectiveness

Progress reports discuss the efficiency and effectiveness of the program's processes and approaches in relation to its results. It highlights the establishment of a one-window system for irrigation schemes, the increase in additional area under year-round irrigation, the involvement of rural advisory service providers, and the alignment of the overall planning process to agricultural planning specific to SIP.

Planned outcomes have been largely achieved (i), with 316 irrigation schemes rehabilitated, benefiting 13,505 small farming households, and increasing irrigation water for 5,684 hectares of command area. However, progress report read so far do not provide enough information to determine if these outcomes were achieved in a timely manner or if there were any delays.

The key factors contributing to the success of the project include the involvement of local governments, capacity building of WUAs, and a focus on addressing the needs of small farming households, particularly those from disadvantaged groups, question (ii) will need to be explored more in details during the workshops.

95% of WUAs have at least 40% women committee members with at least one woman or a representative of a discriminated group in a leadership position (iv). It also states that 74% of the employment generated through construction of irrigation schemes went to discriminated groups, and 62% to DAGs. This indicates the application of core values and principles like

GESI, equity, and non-discrimination throughout the project cycle. More discussion needed to explore transparency and accountability aspects.

Efficiency

Based on the latest annual report, some of the findings for efficiency are:

Resource utilization: 316 irrigation schemes were rehabilitated in the fiscal year, benefiting 13,505 small farming households. This suggests that resources were utilized to achieve tangible results in terms of irrigation improvements and benefits to the target population.

Timeliness of output achievements: Draft guideline on the one-window system was being prepared and was expected to be approved by September 2022.

Human resources and capacity building: Report mentions the involvement of JT/JTAs for technical advice and support for rural advisory services, as well as the capacity development of MoA and market actors. It also notes that PMISC continues to support LGs with staff stationed at LGs as project focal persons.

Funds utilization: 61% of the total budget allocated for the fiscal year was spent. It also mentions that farmers contributed work for approximately 10% of the total construction cost.

GESI inclusiveness: 45% of the beneficiaries were from disadvantaged groups and 74% of the employment generated went to discriminated groups.

Stage 1: Project identification, scheme verification, commitment for agriculture extension services by LGs and project preparation. Task committees have been formed and guideline for the one window system for identification, budgeting, implementation, monitoring, and support of small irrigation have been developed.

Stage 2: WUA institutional development and training on Farm Water Management by LGs. Progress reports mentions the visits of rural advisory service providers to WUAs, which can be linked to this stage.

What are the fiduciary risks associated with WUAs/PMISC/LGs? How can they be reduced/mitigated? Not directly addressed but it does highlight issues related to the delayed allocation of the federal government's share of the budget and the impact of COVID-19 on program implementation. The report mentions the delay in budget allocation and LMBIS entry, which affected the efficiency of funds flow and financial reporting. It also touches upon the impact of CoVID-19 restrictions on program implementation.

To what extent were the output achievements on time and with efficient utilization of resources? Achievement of output indicators for Outcome 1, including the establishment of a one window system, the increase in additional area under year-round irrigation, and the visits of rural advisory service providers. It also explains the reasons for the delays in achieving some targets. Output achievements concerning the increase in additional area under year-round irrigation, the number of households benefiting from year-round and increased irrigation water, and the percentage of completed schemes receiving at least one visit from rural advisory service providers.

Sustainability and Impact

Sustainability through WUA involvement (i & iii): The progress report mentions that 97% of schemes have representation from head, middle, and tail parts of irrigation schemes, and most

WUAs have at least 33-40% women in their executive committees. This suggests a participatory approach to decision-making and management, which can contribute to the sustainability of the irrigation systems.

Sustainability of the scheme through O&M funds (ii): The progress report states that 99% of WUAs have established a fund for operation and maintenance (O&M) of irrigation schemes. This is an essential aspect of ensuring the long-term sustainability of the infrastructure.

Impact on crop yields and cropping intensity (iv & vi): The progress report mentions that the efficient utilization of irrigated water led to increased yields for major crops such as paddy, wheat, and maize, as well as increased cropping intensity in completed schemes. This demonstrates a positive impact on agricultural productivity for the small farming households benefiting from the program. Will it last?

Impact on disadvantaged groups (DAGs) and women (vi & GESI): 45% of the beneficiaries were from disadvantaged groups, and 29% of the total employment generated went to women. This suggests that the program is making efforts to address social equity and promote gender inclusiveness.

Market linkages and support systems (vi): The Ministry of Agriculture (MoA), Province 1, has developed an agriculture price information system with support from SIP and NAMDP. This can enhance the impact of the program by facilitating better decision-making for farmers regarding the sale and purchase of agricultural products.

While the progress reports provide some insights into the impact and sustainability of the SIP-II, a more comprehensive evaluation would require further information and analysis during the validation workshop. This might include assessing the extent to which the program has contributed to the socio-economic development of the target communities, examining the long-term viability of market linkages and support systems, and identifying any potential risks or challenges that could undermine the program's sustainability.

Annex 1 – Program for Cluster and Strategic Workshops.

Objectives of the workshops

There are two sets of workshops to be organised to answer operational and strategic questions: A set of **cluster workshops will discuss operational issues** with the objective to identify possible solutions to identified challenges. The discussion at this workshop will build on the discussion from the annual review 2022 and the results and lessons learnt presented in the last two annual reports. A **strategic workshop will be organised in Biratnagar** with the objective to validate the findings of the cluster workshop and assess some key assumptions included SIP phase 2 design and – if needed - recommend a course of action to improve efficiency and effectiveness of SIP.

Cluster workshops

The cluster workshops will explore 4 topics:

1. Efficiency in relation to project identification and participation.
2. Funds flow and financial reporting – How to streamline 3 different funding channels.
3. Sustainability at beneficiary level and at LG level - beyond SIP interventions, as well assessing LG's capacity to implement small irrigation (design and construction supervision)
4. Discuss possible shift to more commercial farming: Alternative technology, agriculture services this will need to consider social dimension such as migration.

See below location of the Workshop and topics to be discussed. Details and key questions are presented below.

Date	Cluster	Workshop location	Which 2 of the 4 topics above will be discussed at the cluster workshop?	Participants
30 th April	Travel: BRT/KTM to Fikkal			
1 st May	Fikkal	Fikkal	Commercial farming & Sustainability	STOs (12), SSO (1) & IE (1)
2 nd May	Travel: Fikkal to DHK			
3 rd May	Dhankuta	Dhankuta Bazar	Commercial farming & funds flow	STOs (10), SSO (1) & IE (1)
4 th May	Travel: DHK to Halesi			
5 th May	Khotang & Okhaldhunga	Halesi	Efficiency in relation to project identification & alternative technology in the context of climate change	STOs (10), SSO (2) & IE (2)
6 th May	Travel: Halesi to Udayapur			
7 th May	Udayapur	Gaighat	Fund flow and financial reporting & Sustainability	STOs (5), SSO (1) & IE (1) – JdM
	Return to BRT in the evening (3 hour drive)			
8 th May	Synthesizing and preparation for 9 th			
9 th May	PMISC	Biratnagar	See below for aspects to be discussed and participants will be Arya, Satya, Kreeti, Balaram, Prakash from PMISC, 5 Cluster Coordinators, David & Lata (for finance session), SDC: SHRBN & AMJ, JV: SBJ	

The cluster workshop will be divided in 4 sessions and will last between 3.5 and 5 hours including a break – length of the workshop will depend on the size of the group and level of engagement. An interview with key informants from the local government will as well take place in Dhankuta for Theme 2 – Fund flow and in Khotang and OKhaldunga for theme 4 about the role and capacity of the government to provide agriculture extension, this will be coordinated by TN.

The proposed content of the session are:

- a) An introductory session (30 minutes) – Where the objective of the workshop is discussed as well as the preliminary findings of this inception report and the background below is presented and discussed with the participant – A power point presentation for this introduction is presented in Annex 3.
- b) Two sessions of 60 to 90 minutes each with a break to explore 2 of the 4 topics above, see detailed instructions below. Depending on the number of participants at each workshop, these two sessions can be organised as group work or as plenary discussion. We must try both session – Plenary and group work. In one meeting we run a plenary session and the other we do group work.
- c) A final session of 30 to 45 minutes will be used to present the findings of the discussion, wrap up the workshop and offer an opportunity to all participants to add comments or impressions.

Session 1 - Introduction and background

The introductory session will present the objective of workshop defined above, and summarise the key finding of the 2019 self-evaluation report and the success, challenges and lessons learnt identified in the last 2 annual reports.

Based on the OECD DAC evaluation criteria, the findings from the first self-evaluation are as follows:

Relevance: SIP-I aimed to develop year-round irrigation for 15,000 ha, serving 25,000 beneficiary households, with a focus on disadvantaged groups often excluded from large irrigation programs.

Effectiveness: SIP-I completed 220 irrigation schemes in provinces 6 and 7 and 302 schemes in provinces 1 and 3. Over 95% of these schemes were functional within the first two years of completion. The coverage of disadvantaged households was lower than targeted, but women-headed households reached almost the targeted percentage.

Efficiency: The project adopted a community-based approach with transparent decision-making and implementation processes. Standard infrastructure design and implementation guidelines were used, and the project successfully developed robust, functional irrigation infrastructures with minimal operational constraints.

Impact: The increase in cropping intensity and crop productivity in the completed schemes exceeded the set targets. The involvement of women in Water User Associations (WUAs) reached 40%, with women occupying key positions. However, the replacement of cereal crops with high-value crops was lower than expected.

Sustainability: While the project aimed to develop a mechanism for equitable operation and maintenance funding, this target was not fully achieved. A few WUAs engaged in developing rules and regulations for operation and management funds, and no instances of misappropriation or fraudulent practices were reported.

Overall, SIP-I had a positive impact on smallholder farmers, particularly women and disadvantaged groups, by improving irrigation infrastructure, increasing agricultural productivity, and promoting inclusiveness. However, there is room for improvement in achieving targets related to coverage of disadvantaged households, crop diversification, and operation and maintenance funding mechanisms. The Self-Evaluation in 2023 will discuss issues of sustainability based on the experience of the WUA O&M account and funds.

Since the 2019 evaluation, annual reports have been produced, key successes, challenges and lessons learnt are summarised below.

Successes

- Completion and rehabilitation of numerous irrigation schemes benefiting thousands of small farming households.
- Increased irrigation water access for disadvantaged groups, small landholders, and women representation in WUAs.
- Significant increase in cropping intensity and crop yields for various crops.
- Majority of SIP-I irrigation schemes functioning well after three years.
- High percentage of WUAs established operation and maintenance funds.
- Collaboration between SIP-II and NAMDP to strengthen market linkages.
- Draft guideline on one window system prepared and under review.
- Development of an agriculture price information system by MoA, Province 1.
- Program operations continued and expanded to new LGs.

Challenges

- Unavailability of seeds and fertilizers on time, affecting crop productivity.
- Damage to irrigation schemes due to landslides, floods, and road construction.
- COVID-19 pandemic and lockdowns affecting learning events for LGs.
- Budget utilization issues in the allocation or spending process.
- Regular deposit monitoring and equitable collection of water services yet to be implemented.
- Limited progress in WUAs establishing contracts for market development potential.
- Low percentage of women in total employment during construction work.

Lessons learnt

Local Government (LG) involvement and ownership: Active involvement and participation of LGs in SIP activities lead to increased efficiency, ownership, and accountability in project implementation.

Capacity building and knowledge transfer: Building the capacity of human resources at LGs through in-service training and transfer of knowledge on innovative technologies is crucial for project success.

Linking irrigation with agriculture services, institutions, and markets: A higher level of engagement with LGs is needed to integrate irrigation with agriculture services, institutions, and markets to achieve agriculture-based economic growth.

Streamlining planning processes: Timely preparation of PPRs, synchronizing overall planning with agriculture planning, and accurate budgeting are essential for smooth project implementation.

Access to agriculture extension services: Addressing the inadequate support on agricultural extension services from LGs is necessary to enable farmers to reach their full potential in increasing agricultural production and market linkages.

Climate change adaptation and technology adoption: With the effects of climate change, adopting new irrigation technologies and incorporating on-farm water storage is vital for ensuring reliable water supply and reaching small landholders.

Women's participation and capacity building: Ensuring women's participation in project implementation and providing capacity-building activities such as leadership training, public speaking, and financial literacy can lead to increased income generation and employment opportunities for women.

Financial record keeping and reporting: Engaging with LGs on financial record keeping, reporting, and financial analysis is crucial for effective budget planning and monitoring project progress.

[Session 2 and 3 – Plenary or group work](#)

During each workshop, 2 sessions will be used to discuss 2 of the 4 topics identified above, we define below the issues to be discussed, the findings of the annual review 2022 and some questions to guide the group work or the discussions.

Theme 1. Efficiency in relation to project identification and participation - Project cycle stage (PCS) 1.

Issues to be discussed at the workshop:

- a) Increasing the number of schemes included in the long list, increasing the pipeline of projects for construction.
- b) Issues of participation and inclusiveness.

Finding and discussion based on the annual review:

- a) All **potential schemes** are not included in the list as it could create political issues.

Point to discuss at the workshop.

- How can we get more schemes included in the long list to improve the pipeline?
- Why is this necessary?
- Annual review proposed: Uniform scheme demand form to distribute from Ward offices and fully filled up and Ensure that list of schemes are collected in demand driven process (7 steps planning process), does that provide a solution, how can we deal with the right balance between the political interest of the LG and the technical screening criteria to be applied.
- One of the questions is irrigation and agriculture are going hand in hand, is this going the way we want to.

b) Issue of participation of the community during the planning survey (project cycle 1), during public hearing (Project Cycle 2) and during public review, public audit (Project cycle 3)

Finding and discussion based on the annual review:

Some of the points discussed at the annual review included setting up the meeting date and time as per community request, ensure increased participation and ensuring the presence of elected representative.

Point to discuss at the workshop.

- Do we need more participation?
- Why? What would we get with better participation? What are we missing from less participation during the key event mentioned above? Participation in relation to water issues, and water conflict, if there is a miss on participation during design issues, there will be an issue on water conflict ? How can we improve participation.
- How to ensure we increase participation at key meeting without overburdening the communities with meetings?
- Explore the role agriculture committee in the efficiency of the SIP to select and implement the plans ?

The issue of participation to be discussed is about community participation and not specifically woman participation as this was evaluated in September 2022 by NDI and found the following:

Governance and structure: Women's participation in Water User Associations (WUAs) led to their involvement in decision-making processes and promoted women's leadership at the grassroots level. However, some example of “token participation” of women have been found by the report.

Voice and Agency: Women were able to voice their concerns in meetings and participate in discussions, but some faced social and cultural restrictions. In some cases, women mentioned that they had to repeat their point to be heard and some issues of intersectional woman were raised, when they had expressed concern on safety for their land during construction but were not listened to.

Change of gender roles in the private sphere: Support from husbands and family members enabled women to attend WUA meetings and participate in construction work, but they often faced increased workload due to household chores. There was as well a strong push from the project to break down gender roles in construction, which led to positive outcome and challenging some cultural and social norm to increase gender equality, however, some negative outcome were as well noted that led to loss of confidence by some women.

Economic Aspects: SIP support led to agricultural growth and women's involvement in cash crop plantations, increasing their household income. However, some unintended outcomes negatively impacted certain groups.

Social recognition and leadership: Women's engagement in SIP activities boosted their confidence, social status, and leadership, enabling them to take up more roles and participate in community and economic activities.

The study suggests that in the future SIP should prioritize building women's confidence, challenging traditional gender roles, and ensuring their informed consent and voluntary involvement in committees.

Theme 2. Fund flow, financial reporting, procurement – How to streamline 3 systems (PCS 1,2 & 3)

Issue to be discussed at the workshop: Addressing financial and procurement issues, such as delays and budget constraints and delays in receiving expenditure records.

Finding and discussion based on the annual review:

Some of the LG rates were received late, the insurance for workers was not always timely and the collection of expenditure records from LG was difficult. Some of the solutions proposed were to ensure a political engagement for the release of LG rates with written communication and increased monitoring. Ensuring that budget is allocated for insurance and discussion to improve the reporting of expenditure.

Point to discuss at the workshop.

The main points to discuss at the workshop include identifying key bottlenecks for fund flow and financial reporting, as well as exploring potential solutions from **program, policy, and political perspectives**. For instance, from a program perspective, SIP could enhance monitoring and communication. From a policy perspective, the workshop will focus on clarifying the differences in policies for fund flows across various government spheres and assessing potential policy constraints. Finally, from a political perspective, the workshop could determine essential advocacy messages that can be communicated to local, provincial, and federal levels to improve the system.

In Dhankuta a separate discussion on Theme 2 with key informants from the LG will take place.

Theme 3. Sustainability at beneficiary level and at LG level - beyond SIP interventions. (PCS 2,4 & Project cycle stage)

Issues to be discussed at the workshop:

- a) WUA O&M account
- b) Capacity of the LG to sustain and construct Schemes.

Finding and discussion based on the annual review:

The annual review discussed issues related to the O&M fund and found that in some cases the deposit was not done in an equitable manner and funds were not available after completion of the works. There are questions on capacity (Human resources and Institutional) for the LG to sustain the schemes (construction and monitoring) beyond SIP.

Point to discuss at the workshop.

At the workshop, the discussion points related to sustainability will focus on several aspects. First, participants **will discuss and define possible program interventions to ensure that the operation and maintenance (O&M) accounts are equitably funded and have sufficient funds at the end of construction.**

In terms of the sustainability of the schemes from a LG perspective, the workshop will explore various perspectives:

1. From a program perspective, participants will assess LG capacity to implement small irrigation scheme and discuss ways to increase training and capacity-building for LG to ensure long-term success.
2. From a policy perspective, they will examine issues related to sustainability, which could involve funding, regulation, or institutional concerns, and consider how these factors can be addressed.
3. Lastly, from a political standpoint, the workshop will aim to define potential responses to influence decision-making at the provincial or local level, ensuring the continuation and support of the small irrigation schemes.

4. Discuss possible shift to more commercial farming with a key focus on alternative technology for irrigation considering the change of context due to migration and the social dimension of inclusion.

Issues to be discussed at the workshop: Alternative technologies in irrigation and how to consider climate change and how to reach some farmers will less crop area, there are as well Market-related issues and improving market access for farmers but SIP might not have the technical expertise to answer these questions and this might be left for discussion with NAMDP.

Finding and discussion based on the annual review:

The annual review and the annual report have identified challenges with the marketing of the products as well as some assumptions in the original design of SIP that might have not been correct.

The meaningful participation of woman report found a significant increase in income and a “richer kitchen” with schemes closer to the market such as Chuwade Kulo IP, having increased trade from cereals and vegetables. Such increase were not confirmed across schemes in other communities.

Point to discuss at the workshop.

At the workshop, the participant will discuss how to accompany a shift to more commercial farming based on the discussion points defined by SIP on its market components including themes identified by Raj K. GC and Ralph P. Hall in *The Commercialization of Smallholder Farming—A Case Study from the Rural Western Middle Hills of Nepal*,

Strengthening local capacity building and support: Discuss ways to enhance the capacity of local agricultural resource persons, JTs, and JTAs through trainings and exposure visits. **Use of Improved Agricultural Technologies and Practices:** As well as working with JT/JTA, can SIP influence the adoption of improved production practices and technologies? If yes, how can this be done and which one would be most promising. Discuss if this is the role of SIP?

Alternative Technologies in irrigation (Specific focus in Khotang & Okhaldunga) – The workshop will discuss and try to define the type of irrigation that would be the most appropriate in the context of with farmers and others ? What other scheme can we reach ? How can those improved scheme improve the reach disadvantaged group to target people with small command area ? Can we reach area smaller than 5 Ha.

The two points below might not be addressed in the cluster workshop but will be discussed at the strategic workshop with NAMDP.

Access to Agricultural Inputs, Services, and Markets: How can SIP with NAMDP influence the improved access to agricultural inputs and technologies through market-driven/private sector supply chains. Explore opportunities for collaboration between SIP, LGs, and private sector partners to ensure farmers receive the necessary agricultural inputs and rural advisory services. Define if this is realistic and possible? Discuss if this is the role of SIP? If we do not do it, who does it? Answer Program, Policy, Political.

Strategies for risk reduction and high-value crops: Talk about the development and promotion of risk reduction measures, such as resistant crop varieties and improved governance, to help farmers adapt to environmental risks. Investigate the potential of high-value crops that can generate more income for smallholder farmers and discuss how to support farmers in adopting these crops. **High-Value Crops:** Exploring the potential of cultivating high-value crops that can generate more income for smallholder farmers. . Define if this is realistic and possible? Discuss if this is the role of SIP? If we do not do it, who does it ?

Grouping of WUAs and trade facilitation: Consider approaches to group Water User Associations (WUAs) to increase trade volume and leverage collective bargaining power. Discuss ways to facilitate B2B meetings and create market linkages that would benefit farmers, including improving access to information on market demand, price, and production.

Is the assumption in the design that irrigation was one of the limiting factor for market access still valid ? If yes what are the key other assumptions that were not considered by the project design.

Session 4

The session 4 is a conclusion of the discussion held and will include an open discussion for participants to provide any possible inputs.

Strategic workshop

The workshop in Biratnagar on the 9th of May will discuss strategic questions related to:

- **Strengthening Market Linkages:** Examining the initial design assumptions and identifying opportunities for improvement in connecting farmers to markets in collaboration with NAMDP.
- **Inter-Governmental Cooperation in SIP's Institutional and Financial Flow Model:** Exploring opportunities and challenges for planning and budgeting within the context of inter-governmental collaboration.
- **Enhancing the Delivery of Agricultural Extension Services:** Assessing the capacity of local governments and identifying strategies for effective service delivery to farmers.
- **Beneficiary Targeting, Climate Change Adaptation, and Alternative Technologies:** Evaluating the current approach to beneficiary targeting, discussing the impact of climate change on irrigation, and exploring innovative technologies for addressing these challenges.

Fund flow and Budgeting session for finance sessions.

How to adjust the change - adapt the change of reporting of DAG based on the report on inclusiveness.

Definition of DAG – We are considering the SIP command area, how to decide this.

Externalities – Social dimension of migration and monkeys, growing forest in their land, reduction of crop land, growing forest is more lucrative..... some of the areas are left fallow, Migration in one point and the Wild animals damage, what is our solution...

Exit strategy how do we remain, how do we handover the the project.

Decision on contracts and agreements on the contracts (change of indicators).

The detail program will be developed as the findings of the cluster workshop are defined but is expected to include:

A quick reminder of identified challenges:

- No practice of agreements in the vegetable sector: There is a lack of existing practices or models for contracts or agreements between farmers and buyers in the vegetable sector, making it difficult to establish such arrangements.
- Lack of legal recognition: Contract farming or any agreement/contract between a farmer and buyer is not yet recognized by any Act in Nepal, which poses a challenge in formalizing such agreements.
- Price volatility: The price of vegetables is volatile and fluctuates a lot, making it difficult for farmers and buyers to agree on fixed prices in contracts or agreements.

- Low volume of production: In SIP working areas, the volume of production is relatively low, which could make it challenging for farmers to meet the requirements of traders and wholesalers.
- Unpredictable volume: The volume of vegetable production cannot be predicted with certainty before cultivation, making it difficult to establish agreements on specific quantities.
- Local markets offering better prices: In hilly areas, local markets often offer better prices than wholesalers/traders, which reduces the incentive for farmers to enter into agreements with larger traders.

Discuss some of the solutions identified by SIP

- Ensuring that input services are accessed by farmers either through LGs or private service providers.
- Providing comprehensive training to farmers on crop planning, improved agricultural practices, pest management, soil health improvements, crop harvesting and marketing, and the use of crop calendars. This can be achieved through selecting lead farmers to receive ToT training and then pass on the information and skills to other farmers.
- Establishing locally managed market facilities that link to traders and farmers to ensure farmers gain access to information on market demand, price, and production.
- Facilitating traders and producer meetings through Multi Stakeholder Platforms (MSPs), capacity building of SIP cluster teams to facilitate B2B meetings, and the facilitation of B2B meetings.
- Establishing a price information system.
- Grouping of WUAs for better trade and volume.
- Designing interventions for WUAs identified through MDPS. For example, farmers holding less than 0.5 ha of land need direct support in the form of subsidies, tools and techniques, and capacity development, while farmers already undertaking commercial activities could benefit from business development training.

Annex 2: Schedule for the Operational Workshop at Cluster Level

Cluster: Fikkal; Date: 1 May, 2023; Total Participants: 14; Facilitator: Tulasi Nepal; Rapporteur: Arya Sarad Gautam			
Time	Theme	Issues to be discussed	Questions
9:00-9:30	Introductory Session	Share the objective of workshop, and summarise the key finding of the 2019 self-evaluation report and the success, challenges and lessons learnt identified in the last two annual reports	
9:30- 10:15	Sustainability at beneficiary level and at LG level - beyond SIP interventions	WUA O&M system <i>Group 1 lead by Hem R Bhatta</i>	1. Do farmers have an O&M plan/system in place? If yes, what are those? If not, discuss the reasons. 2. Does the project have some systems in place, are these effective or enough? 3. Are these funds necessary? Why aren't farmers buying in the concept? Is the project doing enough to ensure that O&M systems are in place? 4. What are main challenges in establishing the O&M funds at WUA level? Are the challenges technical, that we can address as a project? 5. Are there regulations that are complex or that block it? Or is it a question of increased advocacy to convince the WUA members? Please discuss and provide possible solutions. 6. What role can the LG play in ensuring the above? Does LG have mechanism in place? Or can the project do more?

		Capacity of the LG to implement small irrigation <i>Group 2 lead by Keshab Lama</i>	7. Do LGs have the capacity today to implement small irrigation scheme? If no, what shall we do as SIP to increase training and capacity-building for LG to ensure long-term success? What shall the LG do themselves? 8. What is the current scenario in relation to HR in the LGs for implementing small irrigation schemes? 9. If SIP were to exit in 1.5 years, what should ideally be in place in each LGs (HR, knowledge, technology, systems) for them to effectively implement schemes? 10. How can we ensure that our effort, model and systems will continue once SIP is completed? What can we do now to improve the sustainability of our work? Who will continue this work, what are the rules in place at LG level? How can this be funded if there is no SIP budget? Who could be capable on continuing and how will this institution work with communities and the other spheres of government? 11. How to ensure that FG/PG does not encroach on the rights of the LGs to implement small irrigation schemes?
10:15-11:00		Group leaders will share the key discussion points. Each group will be given 15 mins for presentation. The last 15 minutes should be used for overall discussion	
11:00-11:30	Tea Break		
11:30-12:15	Shift to more commercial farming with focus on alternative technology	Shift to commercial farming	1. Do farmers want to shift to commercial farming? 2. What are your reflections on the changing socio-economic dimensions in villages? Migration and available workforce required for commercial farming. 3. How can SIP with NAMDP influence the improved access to agricultural inputs and technologies through market-driven/private sector supply chains? 4. Explore opportunities for collaboration between SIP, LGs, and private sector partners to ensure farmers receive the necessary agricultural inputs and rural advisory services. 5. Define if this is realistic and possible? Discuss if this is the role of SIP? If we do not do it, who does it?

			6. The project envisions that LGs will provide rural advisory services, has this been achieved? If yes, elaborate and if no, why not? 7. As well as working with JT/JTA, can SIP influence the adoption of improved production practices and technologies? 8. If yes, how can this be done and which one would be most promising. Discuss if this is the role of SIP? 9. Where does the private sector (agro-vets) fit into the advisory services? Is there a need to shift some roles to them through LGs?
12:15-13:15	Lunch		
13:15-14:00	Synthesize findings and sharing of the same	Present the findings of the discussion, wrap up the workshop and offer an opportunity to all participants to add comments or impressions.	

Cluster: Dhankuta; Date: 3 May, 2023; Total Participants: 12; Facilitator: Tulasi Nepal; Rapporteur: Satya Man Lama			
Time	Theme	Issues to be discussed	Questions
9:00-9:30	Introductory Session	Share the objective of workshop, and summarise the key finding of the 2019 self-evaluation report and the success, challenges and lessons learnt identified in the last two annual reports	
9:30- 10:30	Shift to more commercial farming with focus on alternative technology	Shift to commercial farming	1. Do farmers want to shift to commercial farming? 2. What are your reflections on the changing socio-economic dimensions in villages? Migration and available workforce required for commercial farming. 3. How can SIP with NAMDP influence the improved access to agricultural inputs and technologies through market-driven/private sector supply chains? 4. Explore opportunities for collaboration between SIP, LGs, and private sector partners to ensure farmers receive the necessary agricultural inputs and rural advisory services.

			5. Define if this is realistic and possible? Discuss if this is the role of SIP? If we do not do it, who does it? 6. The project envisions that LGs will provide rural advisory services, has this been achieved? If yes, elaborate and if no, why not? 7. As well as working with JT/JTA, can SIP influence the adoption of improved production practices and technologies? 8. If yes, how can this be done and which one would be most promising. Discuss if this is the role of SIP? 9. Where does the private sector (agro-vets) fit into the advisory services? Is there a need to shift some roles to them through LGs?
10:30-11:00	Tea Break		
11:00-11:30	Fund flow, financial reporting, procurement	Group 1 lead by Prem R Limbu Group 2 lead by Punya P Chaudhary (Both groups will discuss the same questions)	1. Are LGs expending the budget as per the allocated budget maintaining the proportion of each stakeholder? What could be the challenges in maintaining the proportion? 2. Delays in insurance and PPEs, what are the reasons for it? ways forward? SIP has adopted multiple methods over the years (procured through farmers, procured through govt agencies), what is the best way forward ensuring that the system is efficient, but as well sustainable - keeping in mind building the system. 3. Why is there a difference in physical and financial progress (physical progress much higher)? Challenges at farmers and/or at Palika level to expediate financial progress? 4. What are the key issues with fund flows for the money to arrive from all different sources of funding at the right moment to allow timely implementation of schemes? Is it a technical issue with fund disbursement? What can we do about it? Is it a rule, regulations, time of expenditure issue caused by public policies or SDC rules?

			5. Who has power to influence some of these constraints to improve the fund flow? What do we recommend to do? 6. How to maintain transparency and internal control in WUA procurement? 7. Do WUAs need management costs? (Based on the comment of the audit report?)
11:30-12:00		Group leaders will share the key discussion points. Each group will be given 15 mins for presentation.	
12:00-13:00		Lunch Break	
13:00-13:45		Key bottlenecks for fund flow and financial reporting (Based on the discuss pre-lunch, a plenary discussion through the 3 Ps lens)	Program: What can we do as SIP to address the issue, what would be the project technical response; Policy: What the rules and regulations at the various level that affect us, what can we do – as SIP – to influence these rules, if we cannot do it ourselves, who else can we engage with? Political: Who are the decision makers, or elected leaders that have the power to influence a change, who can we engage with to talk to these leaders?
13:45-14:30	Synthesize findings and sharing of the same	Present the findings of the discussion, wrap up the workshop and offer an opportunity to all participants to add comments or impressions.	

Cluster: Okhaldhunga & Khotang; Date: 5 May, 2023; Total Participants: 14; Facilitator: Tulasi Nepal; Rapporteur: Arya Sarad Gautam

Time	Theme	Issues to be discussed	Questions
9:00-9:45	Introductory Session	Share the objective of workshop, and summarise the key finding of the 2019 self-evaluation report and the success, challenges and lessons learnt identified in the last two annual reports	

9:45- 10:15	Efficiency in relation to project identification	Increasing the number of schemes included in the long list, increasing the pipeline of projects for construction. <i>Group 1 lead by Krishna B Tamang with KNG team</i>	1. Are schemes selected as per the planning process? Please give us some reasons if they are not – Is it Political Influence / Policy issues / or Operational delays? 2. How can we get more schemes included in the long list to improve the pipeline? Why is this necessary? What are the challenges of developing a project bank? 3. The annual review proposed: Uniform scheme demand form to distribute from Ward offices and fully filled up and ensure that list of schemes is collected in demand driven process (7 steps planning process), does that provide a solution? How can we deal with the right balance between the political interest of the LG and the Program / technical screening criteria to be applied. 4. We assumed at the beginning that irrigation and agriculture would be going hand in hand, is this going the way we wanted to? Are the existing committees such as ADC/EDCs playing their role in ensuring agriculture services? If not why not? If you have examples where they do play their roles can you explain why it is working well? 5. Can you discuss the role of agriculture committee in the efficiency of the SIP to select and implement the plans?
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		Issue of participation of the community during the planning survey (project cycle 1), during public hearing (Project Cycle 2) and during public review, public audit (Project cycle 3) <i>Group 2 lead by Rama Magar with OKH team</i>	1. Do we need more participation in any of the event mentioned? Please be specific to which key event (and add more if you think we need more participation in others). Why and what would we get with better participation? 2. What are we missing from less participation during the key event mentioned? For example, we assume that increase participation during planning survey would reduce conflict in relation to water? Do you think it is correct? What would you recommend to be more efficient in getting communities to participate at key moments? 3. Have the demands of the disadvantaged group (poor/vulnerable) addressed by the planning process? If yes, how? 4. If not, how SIP increase the coverage of disadvantaged groups? 5. How to ensure that we increase participation at key meeting without overburdening the communities with meetings? 6. How can LG's make their process more participatory? How can they replicate the practice of PH/PR/PA in Palikas?
10:15-11:00		Group leaders will share the key discussion points. Each group will be given 15 mins for presentation. The last 15 minutes should be used for overall discussion	
11:00-11:30	Tea Break		
11:30-12:15	Shift to more commercial farming with focus on alternative technology	Alternative Technologies in irrigation	7. Do farmers want to shift to commercial farming? What is the motivation for farmers to do so? What are your reflections on the changing socio-economic dimensions in villages? Migration and available workforce required for commercial farming.

			8. What other types of schemes can we implement? Does the project have expertise for this? Why haven't other technologies been explored? 9. How can those improved scheme improve the reach of disadvantaged group to target people with small command area? Can we reach areas smaller than 5 Ha?
12:15-13:15	Lunch		
13:15-14:00	Synthesize findings and sharing of the same	Present the findings of the discussion, wrap up the workshop and offer an opportunity to all participants to add comments or impressions.	

Cluster: Udayapur; Date: 7 May, 2023; Total Participants:7; Facilitator: Julien de Meyer; Rapporteur: Satya Man Lama			
Time	Theme	Issues to be discussed	Questions
09:00:09:45	Introductory Session	Share the objective of workshop, and summarise the key finding of the 2019 self-evaluation report and the success, challenges and lessons learnt identified in the last two annual reports	
10:30-11:30	Fund flow, financial reporting, procurement		1. Are LGs expending the budget as per the allocated budget maintaining the proportion of each stakeholder? What could be the challenges in maintaining the proportion? 2. Delays in insurance and PPEs, what are the reasons for it? ways forward? SIP has adopted multiple methods over the years (procured through farmers, procured through govt agencies), what is the best way forward ensuring that the system is efficient, but as well sustainable - keeping in mind building the system. 3. Why is there a difference in physical and financial progress (physical progress much higher)? Challenges at farmers and/or at Palika level to expediate financial progress? 4. What are the key issues with fund flows for the money to arrive from all different sources of funding at the right moment to allow timely implementation of schemes? Is it a

			technical issue with fund disbursement? What can we do about it? Is it a rule, regulations, time of expenditure issue caused by public policies or SDC rules? 5. Who has power to influence some of these constraints to improve the fund flow? What do we recommend to do? 6. How to maintain transparency and internal control in WUA procurement? 7. Do WUAs need management costs? (Based on the comment of the audit report?)
11:30-12:30	Lunch Break		
12:30-13:00		Key bottlenecks for fund flow and financial reporting (Based on the discuss pre-lunch, a plenary discussion through the 3 Ps lens)	Program: What can we do as SIP to address the issue, what would be the project technical response; Policy: What the rules and regulations at the various level that affect us, what can we do – as SIP – to influence these rules, if we cannot do it ourselves, who else can we engage with? Political: Who are the decision makers, or elected leaders that have the power to influence a change, who can we engage with to talk to these leaders?
13:00-14:00	Sustainability at beneficiary level and at LG level - beyond SIP interventions	WUA O&M system	1. Did farmers have an O&M plan/system in place? If yes, what were those? If not, discuss the reasons. 2. Are these funds necessary? Why aren't farmers buying in the concept? 3. Does the project have some provision in place? Is the project doing enough to ensure that O&M systems are in place? 4. What are main challenges in establishing the O&M funds at WUA level? Are the challenges technical, that we can address as a project? Are there regulations that are complex or that block it? Or is it a question of increased advocacy to convince the WUA members? Please discuss and provide possible solutions. 5. What is the current practice of LGs for O&M in the infrastructure sector (road, WASH, bridge, irrigation)?

			6. Is the LG receptive towards the policies for O&M in SIP schemes? Can these be replicated?
		Capacity of the LG to implement small irrigation	7. What is the current scenario in relation to HR in the LGs for implementing small irrigation schemes? 8. Do LGs have the capacity today to implement small irrigation scheme? If no, what shall we do as SIP to increase training and capacity-building for LG to ensure long-term success? What shall the LG do themselves? 9. If SIP were to exit in 1.5 years, what should ideally be in place in each LGs (HR, knowledge, technology, systems) for them to effectively implement schemes? 10. How to ensure that FG/PG does not encroach on the rights of the LGs to implement small irrigation schemes?
14:00-14:30	Tea Break		
14:30-15:15	Synthesize findings and sharing of the same	Present the findings of the discussion, wrap up the workshop and offer an opportunity to all participants to add comments or impressions.	

Annex 3 - Terms of Reference for Self-evaluation of Small Irrigation Programme, Phase II

1. Introduction

Small Irrigation Programme, Phase-II (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 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 expected impact of the programme is to increase the agricultural income of small farmers, especially from the disadvantaged groups (DAGs), thus reducing their poverty. This will be achieved through three outcomes: (i) LGs respond effectively to needs of small farmers for irrigated agriculture; (ii) small farmers, especially from the 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 ensure a conducive environment for the development of the private sector and facilitate the linkage between the input and output markets with the farmers.

The project document of SIP-II mandates a self-evaluation process to scrutinize mainly the processes and approaches of the programme. Such evaluations specifically look at project processes and provide evidence of why targets and outcomes of a project are or are not being achieved. It also seeks to address issues of causality. The evaluation is being undertaken in the mid of the third year of project implementation and will pave the way for improved project delivery for the remaining project duration and propose amendments (if any) required in project design, implementation arrangements and/or institutional linkages.

PMISC seeks expertise of an external consultant to facilitate and guide the self-evaluation process.

2. Objectives

The main objective of the self-evaluation is to carry out a critical self-reflection of Small Irrigation Programme, Phase II to deal in a systematic and effective manner around issues or challenges that have and will arise during implementation. Further, the self-evaluation will assess different project processes and:

- a) Assess the relevance of the project focusing on institutional setup in Province 1;
- b) Assess the relevance of the theory of change and the progress of the project against stated outcomes and outputs till date;
- c) Assess the effectiveness and efficiency of the approaches applied for project implementation including linkages with agriculture extension services and input and output market actors;
- d) Highlight issues and challenges affecting the effective and efficient implementation of the project and the contribution of project activities to project outcomes and impact;

- e) Review the sustainability of the approaches adopted by the project till date;
- f) Identify issues and provide recommendations for the remaining period of the project.

The principle of the self-evaluation is that preparations and critical reflexion are made by the project team. The team owns the process and embraces the recommendations that might come out of the exercise.

3. Key Focus Areas

Overall, the self-evaluation will assess whether:

- Small farmers, especially from the disadvantaged groups (DAGs) have reduced their poverty by increasing their agricultural income.

More specifically, the self-evaluation will be guided by six evaluation criteria and their respective evaluation questions:

3.1 Relevance (Are we doing the right things?)

- i. To what extent are the results (Impact and Outcome) achieved till date relevant in the following context?
 - a. Political (Federalism: LGs, Province 1 and Federal Government)
 - b. Geographic concentration (Working in Province 1)
 - c. Socio-economic (Migration, beneficiary targeting)
- ii. To what extent is the support provided by the programme and results achieved relevant to the needs of the farmers?
- iii. How relevant is the irrigation type (gravity surface) in relation to beneficiary targeting?
- iv. To what extent is the irrigation types implemented by SIP relevant in the context of climate change?

3.2 Coherence (Do we fit in National and regional plans, SDC cooperation program and other interventions?)

- i. How does SIP complement the National and Provincial plans?
- ii. How does SIP contribute to the Swiss Cooperation Program?
- iii. To what extent does the joint collaboration model with NAMDP foster synergy between the two SDC projects to achieve the common objective related to market linkages?
- iv. To what extent has the project created synergy with agricultural units (ADC/EDC) at the local level? At what different stages do they interact with each other and for what?

3.3 Effectiveness (Are we achieving our objectives?)

- i. To what extent have the planned outcomes been achieved? Were the outcomes achieved in a timely manner? If no why? If quicker, why?
- ii. What are the key factors that can have contributed to the success or the challenges / lack of achievement of the project outcomes?
- iii. Which assumptions in the log frame and theory of change have held true and which ones were false?

- iv. To what extent are the core values and principles of the program (GESI, equity, transparency, non-discrimination and accountability) applied throughout the project cycle?
- v. Which unexpected and unintended positive or negative effect have/may happen?

3.4 Efficiency (How well are resources being used?)

- i. To what extent the approaches and processes applied for the following stages during the project cycle were appropriate in achieving the results? And how efficiently were these approaches and processes applied? (*Refer: Figure 6-1: Project Cycle, page 33 of the Project Document*)
 - a. Stage 1: Project identification, scheme verification, commitment for agriculture extension services by LGs and project preparation;
 - b. Stage 2: WUA institutional development and training on Farm Water Management by LGs;
 - c. Stage 3: Construction and contract with markets
 - d. Stage 4: Initial O&M, Agriculture development and post-construction monitoring and support
- ii. Are the implementing agencies including the consultant adequately performing the roles defined in the Project Document and the MoU signed with Palikas and Province 1 Government?
- iii. What are the fiduciary risks associated with in WUAs/PMISC/LGs? How can they be reduced/mitigated?
- iv. To what extent were the output achievements on time and with efficient utilization of resources?
- v. Which alternative approaches might have led to better/similar results at lower cost/inputs?
- vi. Are the mandated human resources adequate to achieve the results? How effective has the human resource mobilization plan been to achieve program goal?
- vii. Are the mandated human resources through NAMDP adequate to achieve the results?
- viii. Are the provisions such as equipment, budget, systems and structures adequate to achieve the results?
- ix. What mechanism is followed within PMISC for decision making and how effective is this (HR, programme, finance)?
- x. What is SIP's internal control system (finance and procurement) to ensure minimum risks on program audits?
- xi. To what extent is the funds flow mechanism as well as financial reporting efficient (Both GoN and SDC)? What factors have enhanced and/hampered the efficiency of this flow?
- xii. To what extent is the organizational structure of the consultant (JV and PMISC) efficient?
- xiii. How efficiently have the established systems such as Project Preparation Report (PPR) and MIS been used to achieve the results?

- xiv. What factors enhance and/ or hinder the compliance to administrative and financial procedures (timely settlement of advance, reimbursement of DSA, compliance on procurement)?

3.5 Sustainability and Impact (Will the benefits last? and What difference does the intervention make)

- i. To what extent are the inputs provided by the project for institutional strengthening of the local governments and WUA appropriate and sustainable?
- ii. To what extent do the approaches and processes applied by the project foster sustainability of the scheme and the benefit thereof? What is the robustness and status of the operation and maintenance of the irrigation schemes?
- iii. To what extent do the approaches and processes applied by the project foster the sustainability of the working modality of local governments?
- iv. Which evidence indicates that the achieved effects will continue after the completion of SIP?
- v. Which factors might enhance or hamper the achieved effects?
- vi. Which positive, lasting effects can be perceived?

3.6 Cross cutting themes

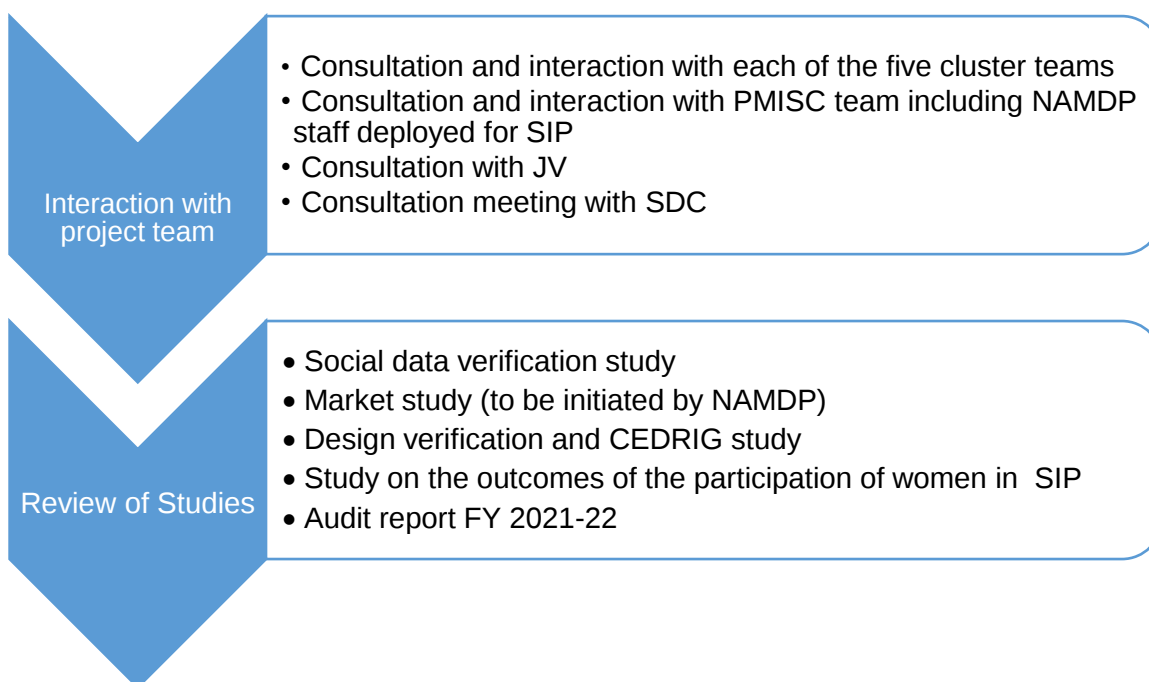
The self-evaluation will also assess the following cross cutting themes that have been built throughout the project activities through the review of studies conducted prior to this:

- GESI (DAG study, meaningful participation of women)
- Environment/climate environment and disaster risk reduction integration guidance (CEDRIG)

4. Methodology

The self-evaluation will be led by an external consultant who will adopt a mixed method approach to conduct the process which will be executed in two stages (See figure 1).

The Consultants will adopt a consultative and participative approach which will include designing and either facilitating or coordinating the self-evaluation workshops in each PMISC cluster, consultation with SIP team and SDC team, review of studies conducted by the project and study of existing legal/constitutional provisions. It is expected that the findings from the studies conducted by the project will feed into the self-evaluation process.



5. Deliverables

After the literature review, the consultant shall submit an inception report detailing the review process including methodology and time line. The consultant is to submit a draft report of the review indicating the changes/improvements to be made during this phase of the programme. Likewise, the report should also include the lessons learnt and improvements/adaptations/changes to be made in the remaining part of the programme. Upon receiving comments, the consultant has to finalize and submit the final report to SIP/PMISC. The report should be logically structured, contain evidence-based findings, conclusions, lessons and recommendations, and should be free of information that is not relevant to the overall analysis. The report should respond in detail to the key focus areas described above.

For the purpose of writing the report, the key activities of the review are:

- Literature and study review;
- Designing, conduction and reporting of five learning self-evaluation workshops/meetings
- Consultation with concerned stakeholders.

6. Time Line

The consultant is expected to maintain the following time line:

S. N.	Activities	Time Line
1.	Signing of Agreement	20 February 2023
2.	Literature Review and submission of inception of report including the evaluation questions	3 April 2023
3.	Design and conduction of self-evaluation workshop:	
	Feed in findings of studies	10 April 2023
	Cluster self-evaluation workshop (five clusters)	26-30 April 2023

	Consultation with JV and SDC	
4.	Submission of draft evaluation Report	10 May 2023
5.	Submission of final report by incorporating comments	15 May

The time line can be altered with the approval of the employer in unavoidable circumstances. However, the submission of final report remains unchanged.

7. Consultants

The self-evaluation review will be facilitated by a consultant with at least 10 years of experience in irrigation/small irrigation, water resource management and project review/assessment. The consultant can seek advisory support from experts with experience of working in governance, planning and management particularly in Nepal as well as in agriculture engineering as deemed necessary in consultation with the employer.

8. Duration of Consultants:

The total duration of involvement of the consultant will be minimum 30 working days.

9. Remuneration and payments

The Consultant is responsible for the payment of remuneration to other experts, if any, from the total remuneration. The remuneration is subject to prevailing Tax Regulations of the Government of Nepal and will be deducted at source.

Upon signing the agreement, 30% of the remuneration shall be provided to the Consultant, following another 40% after submission of the Draft Report. The remaining 30% shall be provided upon submission and acceptance of the Final Report.

10. Background Documents

- SIP Project Document
- Project yearly plan of operations (2020/21; 2021/22; 2022/23)
- Project annual progress report (2020/21; 2021/22)
- Swiss Country Strategy 2018-2022 and 2023-2026
- Memorandum of Understanding signed with the Palikas and MoWSIE
- Self-evaluation report for SIP-Phase I

Annex 4 - Power point presentation about fund flow made by the Finance team during the Strategic Workshop



Government of Nepal
नेपाल सरकार



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development and Cooperation SDC
स्वीस सरकार विकास सहयोग एसडिसि

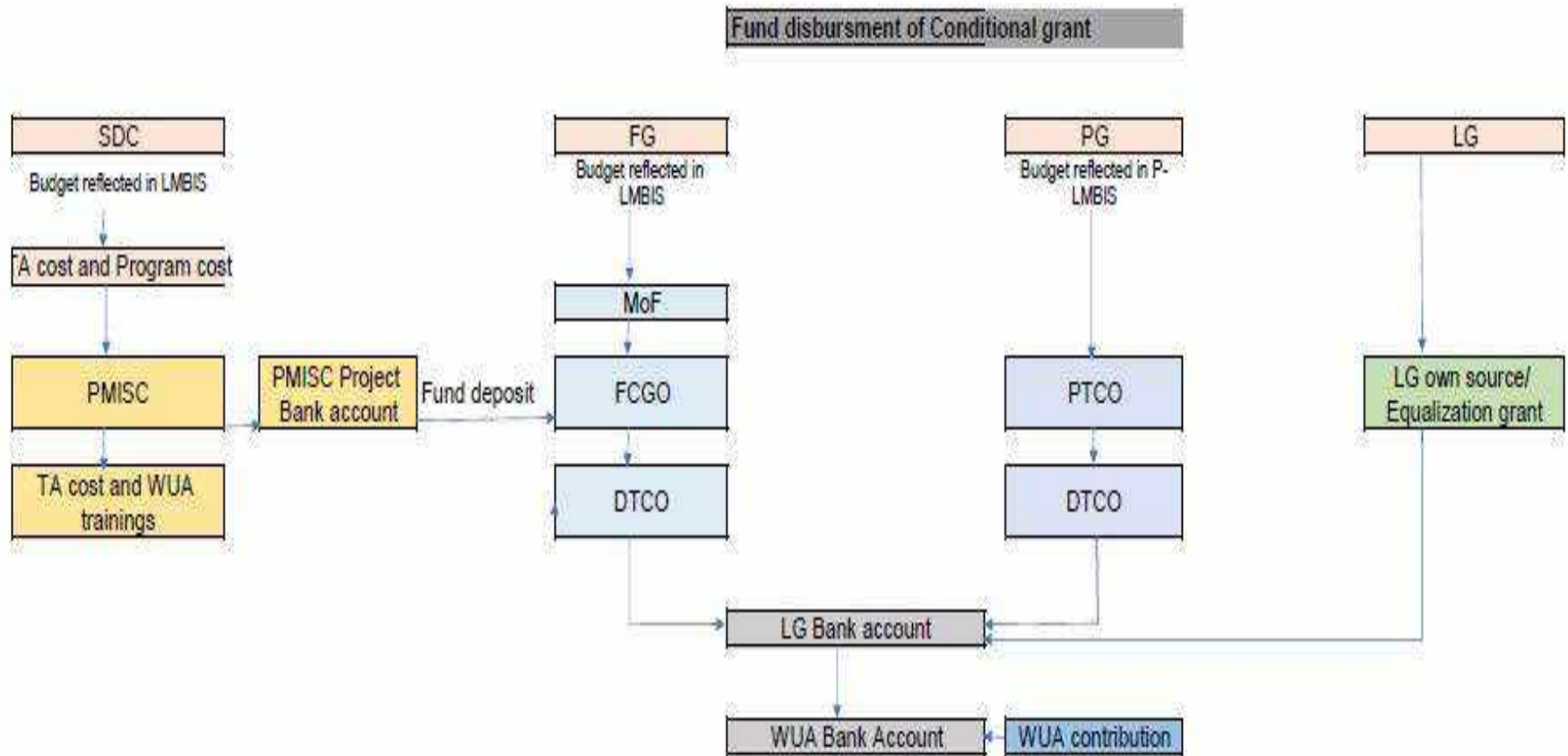
Strategic workshop for Self evaluation 09th May 2023

Finance Presentation



Programme Management and Implementation Support Consultant (PMISC)
Joint venture of GEOCE, AVIYAAN and TMS

Fund Flow mechanism



Budget disbursement (quarterly timeline) in each government:

Equalization grant:

FCGO -DTCO- LG:

1ST Installment: 18 Aug (02 Bhadra)
 2nd Installment: 19 Oct (02 Kartik)
 3rd Installment: 16 Jan (02 Magh)
 4th Installment: 15 April (02 Baishak)

FCGO -PTCO-PG:

1ST Installment: 18 Aug (02 Bhadra)
 2nd Installment: 19 Oct (02 Kartik)
 3rd Installment: 16 Jan (02 Magh)
 4th Installment: 15 April (02 Baishak)

PTCO -DTCO-LG:

1ST Installment: 4th week of Aug (2nd week of Bhadra)
 2nd Installment: 4th week of Oct (2nd week of Kartik)
 3rd Installment: 4th week of Jan (2nd week of Magh)
 4th Installment: 4th week of April (2nd week of Baishak)

Conditional Grant :

	Schedule for disbursement	
Installment	FG/SDC	PG
1 st Quarter	18 Aug (02 Bhadra)	10 Sep (25 Bhadra)
2 nd Quarter	01 Dec (15 Mangsir)	30 Dec (15 Paush)
3 rd Quarter	29 Mar (15 Chaitra)	28 April (15 Baishakh)
4 th Quarter	30 June (15 Ashar)	30 June (15 Ashar)

Fund is disbursed after the financial and physical progress reports are received within above timeline. After review of the reports, fund is transferred within a week generally.

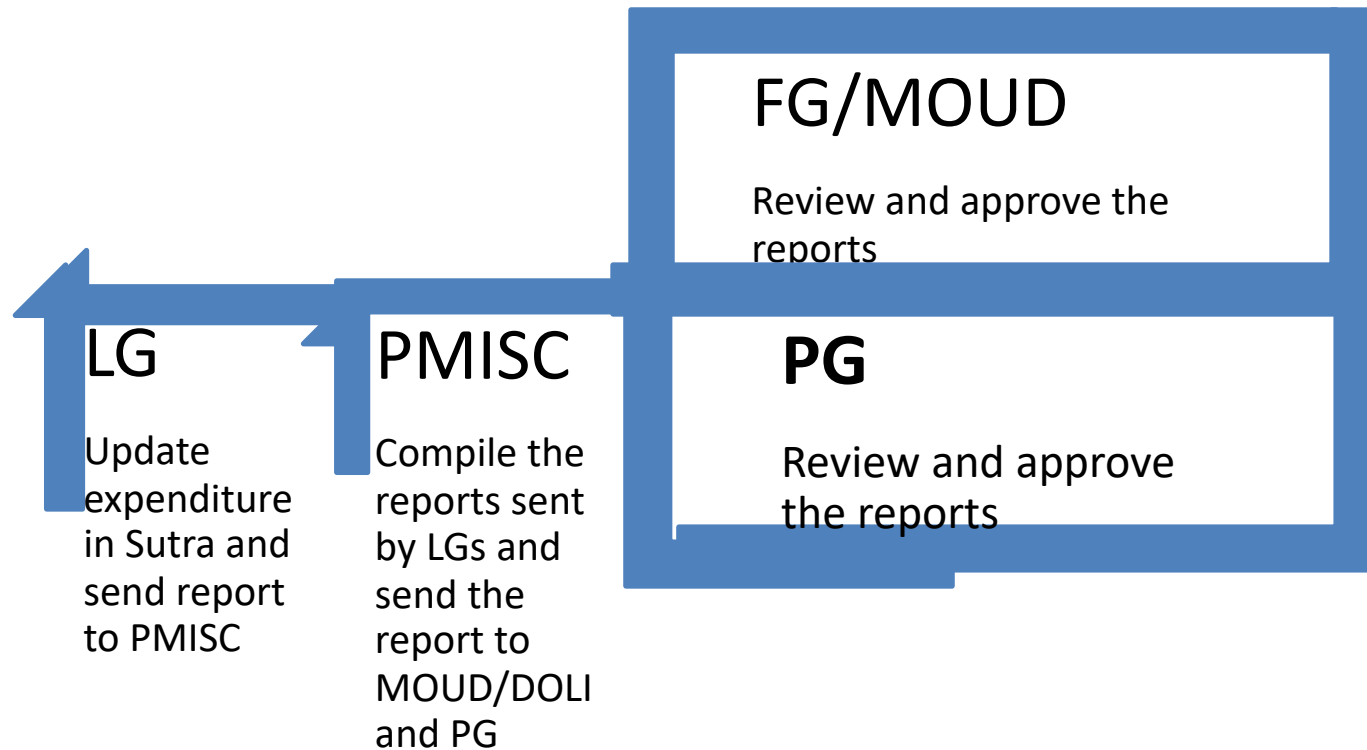
Financial Reporting timeline for different govts.:

As per the Fiscal Procedures & Financial Accountability Act, 2076

- LGs to submit Consolidated financial statements for current FY to respective DTCO and PTCO by end of Ashoj of next FY.
- PTCOs to submit Consolidated financial statements for current FY to FCGO by end of 15th Kartik of next FY.
- FCGO to submit Consolidated financial statements for current FY to Ministry of Finance (MoF) and Office of Auditor General (OAG) by end of 15th Paush of next FY.

Government	Responsibility	Report to	Timeline
LG	LG accountant	DTCO/PTCO	End of Ashoj
PG	PTCO	FCGO	15 th Kartik
FG	FCGO	MoF & OAG	15 th Paush

Reporting Mechanism in SIP



Procedure for refund of unspent fund deposited in revenue account

Prepare and approve the Financial statements by Line ministry verifying the expenditure and Fund balance at the end of FY

Decision along with proof of fund deposited in revenue account by line ministry

Fund balance reconciliation and confirmation with FCGO record by line ministry

Request to MoF to arrange budget for fund refund along with above verified documents

MoF to forward the all documents to international assistance department for suggestions if any.

MoF to approve the budget for refund for the approved activity as recommended by the Budget department

Inform to FCGO, concerned DTCO, and Line ministry by Budget department

Line ministry to refund the balance to donor after receiving the fund from concerned DTCO

Thank you.