

Manuals for the purpose of Program on Food Crisis Response

1. Small Irrigation Implementation Manual, 2065

**2. Implementation Manual for Seed Production and
Storage Center Program and Soil Management Program**

**3. Implementation Manual for Providing Subsidy on
Transportation of Chemical Fertilizers and Seed on
Community Rural Infrastructure Development Program**



Government of Nepal
Ministry of Agriculture and Cooperatives / Ministry of Water Resources
Department of Agriculture / Department of Irrigation
Project Coordinator's Office
Hariharbhawan, Lalitpur

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Small Irrigation Implementation Manual

Introduction

In order to address food crisis and support poverty alleviation program through income generation of small farmers small irrigation program has been envisaged to implement community managed small surface irrigation schemes, rain water harvesting ponds, construction and maintenance of different type of water pumping devices, construction and O&M of damaged irrigation infrastructure on temporary or permanent basis. Centered on food crisis and income generation this program shall be launched in the selected food crisis districts through participation of farmer's cooperatives/ consumer organizations/farmers groups. Irrigation schemes costing upto Rs. 500, 000 would be implemented by the Department of Agriculture Office.

To address the short term and long term impacts due to soaring prices of food and food shortage in the 41 food crisis and marginally food crisis districts, World Bank has provided additional credit support for improving food supply and production system through Irrigation and Water Resources Management Project of Department Irrigation for development and extension of farmer's managed irrigation system, and non-conventional irrigation system (sprinkle, drip, treadle pump, shallow tube wells, ponds, water jar etc).

In order to minimize the effect of food crisis, World Bank has provided this assistance under Global Food Crisis Response Program (GFCRP) with an objective of reducing world food crisis problem by construction of infrastructure in a minimum cost and time basis through the beneficiaries' farmer's organization and water user's associations. These targeted works shall be carried out by Government of Nepal, Ministry of water Resources, Department of Irrigation, different Divisions/ Sub-division offices through water User's Associations.

In the context of economic conditions of low income and socio-economically disadvantaged and marginalized farmers being further deteriorated due to increased food crises, implementation of non-conventional irrigation schemes are supposed to be non-controversial toward providing quick and immediate relieves to such farmers. Implemented as additional programs under IWRMP, this program would be launched as Small Irrigation Program under department of Agriculture whereas it would be launched as Small Irrigation and Non-Conventional Irrigation program.

Coordination and Progress Report between Department of Irrigation and Department of Agriculture

The FMIS and NTTP schemes launched under food crisis programs are to be implemented under the coordination of Department of Agriculture. For effective implementation of program a Project Steering Committee for IWRMP under the chairmanship of Secretary for Water Resources Ministry would be established. In this committee, Joint Secretary- Ministry of Agriculture and Cooperatives, Joint Secretary- National Planning Commission, Joint Secretary- Water and Energy Commission

Secretariat, Deputy secretary- Ministry of Finance, Chairperson or Representative of national Water User's Association would be the members and Director General of Department of Irrigation would be the Member Secretary and Project Director of IWRMP would Co-Member Secretary. This committee would be responsible for providing policy directives on program activities, coordination, and supervision of program activities. Committee meeting should hold at least one time in a year. For the daily works, regular administration and managerial activities, budget operation, preparation of progress reports and effective implementation of program activities a Program Implementation and Coordination Committee should be organized. Coordinator of this committee shall be Director General of Irrigation and Deputy Director General (Technology Transfer and Coordination), Concerning deputy director General from Department of Irrigation, and team Leader of Technical Assistance Team shall be the members. Project Director of IWRMP shall be the member Secretary of the committee. For additional program implementation, Project Coordinator of ICWMP shall work as the contact person of IWRMP Project Director. Committee meeting shall be held many times as per the need for effective implementation of program activities and other officials shall be invited to attend the meeting as per the need. The physical and financial progresses of irrigation works shall be made available by Project Director's Office, Department of Irrigation on the prescribed format and time by National Planning Commission to Project Implementation Unit of Department of Agriculture. The Project Coordinator's Office at Department of Agriculture shall compiling all the progresses into an integrated financial and economic progress report and together with the audit report shall forward to concerning offices. Effective coordination shall be maintained in the implementation of this additional program activities.

Actions against the Misuse of Grant Fund

If grant fund is found misused, next installment shall be immediately withheld. The misused amount shall be recovered as of GoN revenue and legal action against it shall be also initiated

Information Disseminations and Good Governance

All the information should be made transparent as per the Right of Information Act 2007. Guidelines, Implementation Manuals, and other basic information need to be disseminated through Websites, Information Bulletin and Notice boards etc.

1. Definitions

- 1.1 In this Implementation Manual “Small Irrigation Program” means small irrigation schemes which are constructed in a joint assistance both from project and beneficiaries participations and that are temporary diversions, Painsi, canal improvement/ maintenance, humepipe, polythene pipe, pond construction, pump, tanks, well, drip irrigation, sprinkler irrigation etc, and materials and skilled labor required in the construction under the provision for cost by project.
- 1.2 “Cooperatives” “Consumer’s Organizations” “Farmer’s Group” mean mandatorily established Cooperatives, Consumer’s Organizations or Farmer’s Groups organized for the purpose of agricultural development under District Agriculture Development Office or Other Organisations.
- 1.3 Implemented under the credit and grant assistance from World Bank under the program on addressing food crisis, this Small Irrigation program shall be implemented in 23 hills and remote districts of Nepal that are listed in Annex-9.

2. Criteria for Selection of Projects

- 2.1 Sub-projects which can be completed within a fiscal years are normally selected.
- 2.2 Sub-projects that are possible to be operated/managed by farmers or which have established water user’s association or which can be established in future with commitment on operation and maintenance of the system shall be eligible for selection under the grant assistance under world food crisis mitigation program.
- 2.3 Only those sub-projects which are not possible to operate/maintain/constructed by farmer’s own resources are supposed to be eligible under grant assistance.
- 2.4 The ongoing local sub-projects which are with less risk in the operation and maintenance and which are simple and easy to operate and maintain should be selected for the implementation.
- 2.5 Sub-project which impact more on dalits, freed kamaiya, socially disadvantaged and poor people should be given on priority.
- 2.6 Irrigation program need to be directed in the areas that are oriented toward the income generation and commercialization of agriculture.
- 2.7 As far as possible sub-project should be selected in the pocket areas where it can help in increasing the production.
- 2.8 Projects that cause minimum environmental effects need to be promoted.

3. Selection of the Project

- 3.1 **Information Dissemination :** District Agricultural Office should disseminate information on the process procedure about the implementation of Small Irrigation Project through the Agricultural Service Center/sub Center throughout their respective service areas.

3.2 Farmer's should apply with their request forms duly completed and submitted as follows:

- a. Request for any type of the irrigation schemes eligible under the program can be submitted in the respective Agricultural Service Center through cooperatives/ consumer's organizations/ farmer's Groups etc together with the registration certificate of the organization and filled in request form. The ASC technicians should register these request form in the DADO office together with their recommendation. Registration of request form should include cash or bank voucher of NRs 100 each for each sub-project by cooperatives/consumer's organizations/ farmer's Groups. Information regarding the request should also provide to VDC offices.
- b. The gross estimated cost of the schemes and percentage of cost willing to contribute by applicant organization/ group should also be mentioned in the request form.
- c. Selection of sub-projects should attempt to minimize the negative social and environmental effect. Project with any such effects should be advanced only after having adopted the mitigations measures appropriately. Environmental pollutions caused by the project if any (e.g. plastics, materials such as parts of old pumps etc) should be disposed in the secured places. (Annex-10).

3.3 **Selection Process :** District Agriculture Development Office with the preliminary selection and cost estimates of selected sub-projects together with the recommendation of DTT should submit for approval from District Agricultural Development Committee.

4. Project implementation Unit

Project Coordinator's Office of IWRMP in the center and DADO office in the districts are the implementing units of Program on Food Crisis Mitigation that to be implemented by Department of Agriculture.

5. Program Implementation Process

- a. In the schemes where supply of materials only of less than NRs. 25,000 is required implementation process should be according to the law governed by Public Procurement Act 2063 and Public Procurement Regulation 2064. As per these, the applicant organization/group after preparing the cost estimate of the project should submit to DADO office with recommendation of JT/JTAs of concerning ASC/ASSCs. After approval by DADO office, materials can be handed over to the recipient as grant. These materials could be pipe, electrical pumps, and construction materials etc.
- b. Schemes costing upto NRs. 100,000/- should require cost estimates prepared after field survey by JT/JTAs who are trained in Irrigation Engineering and submit in District Development Committee for approval together with recommendation of DTT (As envisaged in IWRMP).

- c. Schemes costing over NRs. 100,000/- should require cost estimates prepared after field survey by Engineer/Sub-Engineers and submit in District Development Committee for approval together with recommendation of DTT (As envisaged in IWRMP).
- 5.1 While preparing cost estimates, 5% of cost should include for contingencies out of which 2.5% can be used for other small costs (e.g. for monitoring /supervision etc) and rest 2.5% for work charge contingencies. The DADO office should facilitate agreement made on cost sharing with cooperatives/ consumer's organization/ Farmer's Group as per cost sharing envisaged in the cost estimates. The payment must follow the GON's procedure provisioned in Public Procurement Act 2063 and Public Procurement Regulations 2064. Not exceeding 5% of the total annual budget, an amount can be retained in PDO's office and can be expended for cost to be occurred by project coordinator's office on monitoring and evaluation, workshops, training, preparation of dissemination materials, and for other administrative costs etc.
- 5.2 **Resources Mobilization and Implementation Plan :** DADO office should prepare implementation plan in close participation with cooperatives/consumer's organizations/farmers group. There should be clear demarcations on sharing of responsibility among the partners e.g. DADO office and cooperatives/consumer's organizations/farmers group.
- 5.3 **Implementation :** As per the rules and regulations of Government of Nepal, DADO should initiate construction works transparently through concerning farmer's group/user's associations after entering into agreement on an Agreement Paper concerned to Small Irrigation Program Implementation that mentioned in Annex-3. The overall procedural and managerial responsibility of construction works always lye with the District Agricultural Development Office.
- 5.4 **Completion Report :** After the fully operationalization of the scheme after the completion of the works as per the design, cost estimate and agreement completion activities to be carried out are as follows:
 - Final bills shall be prepared and submitted for the payment by the supervisor or by the concerning fielded technicians or item-wise work completion report shall be prepared by the technician who prepares bills after supervision and submit to users groups through concerning service center office.
 - Completion report so obtained in users group should be field verified by the user's association/ group. Final bills of payment together with the existing operational status of the satisfactorily completed construction works should be discussed in a meeting held of users association/group. Final decision on this should be submitted to DADO office. DADO office having received the completion report together with the decision on it and with recommendation from program coordinator should arrange for the payment on final bills.
 - DADO office should inform about the completed subprojects to District Agricultural Development Committee/DTT and should handover the project to concerning association/group together with the work completion certificate.
 - Hoarding boards should prepared for the completed sub-projects as follows:
 - Name and Address of Irrigation Project:

- Command area:
- Beneficiaries Numbers of 'Households:
- Total Cost:
- Date of Completion:
- Donor Agency: GoN, World Bank (IWRMP)

5.5 Operation and Maintenance : After the completion and Hand over of the subproject concerning cooperatives/User's Association/Farmers Groups should assume full responsibility of operation and maintenance of the sub-project.

The implementation process of Operation and Maintenance and approval on cost estimates should be as per the regulation of the association/group.

5.6 Supervision, Monitoring and Evaluation : Monitoring and evaluation on small irrigation should normally based on the indicators as follows:

- Irrigated command area of the subproject ha.
- Quality of completed structures
- Numbers of beneficiaries
- Increase in the production of major crops
- Percentages Increase in cropping intensities
- Percentage increase of area covered by high value crops
- Increased quantities of marketed volumes at farm level

Monitoring and evaluation of small irrigation should also be carried out from the concerning district agricultural development committees, regional agricultural directorate, department of agriculture and project coordinators office in addition of DADO office.

6. Progress Reports

- Valuation of progress reports and work progresses should be adjusted into the percentages as follows.
- Information dissemination, collection of demand forms, preliminary survey, and prioritization – 10%
- Identification, preparation of cost estimates, agreement on project selection and work order delivery – 20%
- Supervision, field verification, completion report and final payment 70%
- In addition to these, monthly, trimester and annual progress reports should be regularly forwarded to DDC, RADO, Directorate of Agri-Engineering, Directorate of Agricultural Extension and Department of Agriculture.

7. Work Plan

DADO should prepare a work plan (Annex-5) for implementation of small irrigation project and attempt to complete project in time.

8. Program Coordinator and Duties and Responsibilities

8.1 For implementation of Small irrigation program, Agricultural Extension Officer of DADO office or in case of his unavailability, officer nominated by DADO should be the program coordinator.

If felt necessary, DADO office can avail consultancy services from project office for design, cost estimate, supervision and other technical assistance for smooth operation of the programs on small irrigation and NITP.

8.2 Coordinator should do all the supervision and monitoring types of works in close assistance from all of the concerning subject matter specialist and agricultural service centers.

8.3 Coordinator should maintain the inventory on all of the works in brief carried out for each of the subprojects.

9. Budget Delivery, Financial Management and Fund Flow Arrangement

The project implementation units should prepare and get approval of budget and program from concerning agency for each fiscal year as per the total cost allocation, time frame and work plan of the program based on the on-going process of GoN. Project Coordinator should provide guidelines on budget formulation to each of the implementing units in preparing the budget. In red book of GoN for this food crisis response program, budget heads given for Department of agriculture is 40-3/4-385 and that for Department of Irrigation is 47-3/4-316. Beneficiaries' farmers groups should be paid in installment basis, maximum in 3 installments. Details regarding this are mentioned in the agreement papers prepared for small irrigation project (Annex-3).

Budget operational approval would be provided to all the implementing units/ cost centers once all the programs to be implemented by the project coordinator's office have been approved by concerning authority. The budget operator should operate the account as per the guidelines provided for the program implementation and the progress should be reported compulsorily in the prescribed formats (NPC Formats) and time prescribed by the project coordinator's office. In order to facilitate accounting system operates smoothly, DADOs should send expenditure details in the prescribed format compulsorily every month before 7th day to project coordinator's office in Department of Agriculture.

9.1 Accounting System

Each of the respective budget executive agency/unit must maintain a Cash Basis Accounting System as per the procedure of GON and this must be audited as per the GON procedure. In addition to this, the budget executing unit need to also maintain all the required records of accounting system, ledger and reports as needed for the donor component of budget items. The existing manual accounting system will be correspondingly improved into a computerized accounting system.

9.2 Accounting System Records and Reports

The PCO and all the corresponding budget executing units must keep additional records and prepare additional reports in addition to the regular GON's requirement of records and reports as follows:

9.3 Record to be Maintained by Each of the Budget Executing Units

All the executing units in addition to maintaining the financial records as per the GoN's ongoing requirements should also need to forward the financial reports to PCO on regular basis on the prescribed period of the time as follows:

Reports	Time Period
Monthly expenditure account	Within 7 days of next month
Monthly advance account	Within 7 days of next month
Monthly bank account	Within 7 days of next month
Annual Financial Accounting Report	Within one month of next fiscal year

9.4 Records to be Maintained by PCO

The PCO in addition to the regular requirement on GON's accounting system would also maintain the up-to-date records as needed for the foreign aid financed project records. Based on these records the PCO need to prepare the up-to-date financial report and forward it to the corresponding organizations on prescribed schedule.

(a) Main Loan and Grant Ledger

The record of demand for loan and grant with all the details is recorded in the first part of the main loan ledger and the disbursement after receiving of Disbursement Voucher from the donor agency with adequate details is recorded in the second part of ledger.

(b) Subsidiary Loan Ledger

Like the main loan ledger the subsidiary loan ledger account also includes the detail on the demand for loan (loan application) and details on the disbursement but it includes these accounts in more details as per the loan categories as well as. It also shows the total amount of loan agreed for each categories, amount of total disbursement and net remaining amount in this account.

(c) Special Account Register

A special accounts shall be opened for this project in US\$ currency. At the beginning of project, DOA would apply for an equivalent amount of first two trimester's budget amount and deposit this amount as the initial deposit after receiving the disbursement from donor. Successively this account would maintain details on the initial amount, the up-to-date expended amount, and the supplemented amount from the donor agency for each period of report. To get disbursement for the amount paid from the special account on (i) LC and (i) on direct payments on goods and services, the recipient has to forward a separate application form to the donor agency. Thus the recipient agency has to keep an up-to-date clear record of the details on amount received in the special account,

expended amount, amount transformed in the GON's central account noKa-6-15 and Ka-7-15 separately in both local and foreign currencies transactions. Except the amount received from the donor agency, no other amount should be deposited in the special account. Only the donor's acceptable eligible expenditures should be carried out from this account. At the end of each year the audited report on this account should also be forwarded to donor agency together with the annual Project Account.

(d) Direct Payment Account

The direct payment account would include details of payments from the special accounts on the direct purchase of goods and services by the recipient agency, payment made on the LC operation by recipient agency, and direct payment made by donor agency on the loan application forwarded by recipient agency for the same purpose. The account should be maintained in equivalent Nepalese currency even if payment was made in foreign currencies.

9.5 Reports to be Prepared by PCO

The PCO would forward the financial reports to donor agency after having the compilation of the reports obtained from each of the executing units as follows:

Reports	Period Covers	Submission Deadline
1. Implementation Progress Reports	Trimester	Within 45 days
2. Unaudited Financial Statements	Annual	Within 3 months
3. Audited Financial Statements	Annual	Within 6 months

9.6 Internal Auditing

The audit should be done as per the procedure of GON. Each of the executing units should carry out internal and external auditing on all of the items of expenditures within the prescribed period of the time. Internal auditing should be done by Financial Controller's Office on bi-monthly basis and do necessary correction in time as outlined by the auditor.

9.7 External Auditing

External auditing should be done by Auditor's General Office and report should be forwarded on time to concerning agencies.

Annex-1
Application Form

Subject : Request for Assistance from Small Irrigation Program

Agricultural Development Officer
District Agriculture Development Office

.....

Dear Sir,

We, the undersigned beneficiaries, having submitted bank voucher or cash of NRs. 100 separately each for each of the schemes from the side of existing and potential beneficiaries, request for assistance from Small Irrigation Program for which we have submitted the preliminary cost estimates and decisions of group/association for the schemes. We have understood the policy and process regarding the implementation of the program and we fully agree on it. We, therefore, are submitting required application form (a), (b) and (c) which we filled in assistance with concerning officials.

Signature of Chairperson/ Representative of Applicant's Group/Association

.....

Seal :

Model Format of Application for Surface Irrigation System
Application Form (a)

SN	Beneficiaries Name	Address	Area Represented	Signature
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				

Name of Recipient
(Officials from ASC/ASSC)

Signature:-

Note: At least 5 beneficiaries each from head, middle, tail should represent in the list of 15 beneficiaries. Only one person can represent as a member from a family.

Application Form (b)
Basic Information about the Irrigation Scheme

1. Name of the Proposed Scheme

- 1.2 Type of Scheme: New, improvement (minor/major) or other specify.
 1.3 Address of the proposed Scheme: VDC: Ward:
 1.4 Addresses of project beneficiaries: VDC: Ward No.
 1.5 (a) No of Household of Existing Beneficiaries:
 (b) Population of Existing Beneficiaries :
 1.6 (a) Potential additional beneficiaries households:
 (b) Potential additional beneficiaries population:

2. Access to Scheme

From (place)	Destination (place)	Travel Means (Walking, vehicle)	Estimated distance and /time	
			Km	Hour/day

3. Detail of Beneficiaries

SN	Name of Household Head	Address/ Ward No	Family Size	Plot No.	Area Ropani/Bigaha	Signature

Total

Note: Add additional page as required

Total area of the land hectare

4. Background of the program

SN	Construction	Year of Construction	Source	Amount NRs.	Name of Program	Implementation Process	Existing Status	Remarks

5. Source of Water

SN	Name of Source	Type	Average flow: lps/lph		
1.					
2.					
3.					

Note: Clarify type of source, perennial or seasonal etc.

6. Other System Adjacent of the Proposed System

6.1 Is there any other irrigation system near to the proposed scheme?

6.1.1 Upstream (5 km) yes/ No ?

6.1.2 Down Stream (5km) yes/No?

6.2 If yes:

SN	Upstream			Downstream		
	Distance from source km	Irrigated area	No. of Households	Distance from source km	Irrigated area	No. of Households

6.3 Is there any existing problem on water distribution/ share? Yes/No

6.3.1 With upstream Yes/No?

6.3.1 With downstream Yes/No?

7. Water User's Association

7.1 Is there a Water User's Association Existing? Yes/No

7.2 If yes, is it registered with District Water Resource Committee or District Administrative Office?

7.3 If yes, are beneficiaries ready to organize into an Association Yes/No?

7.4 If yes, are they ready to contribute the schemes at different stages?

7.5 If it a rehabilitation scheme, is it in operational status, Yes/No?

7.6 If in operational status, who is responsible for the O&M of the scheme?

7.6.1 By the beneficiaries themselves () , Mark

7.6.2 By other organization ()?

7.6.3 No specific system or management exists. ()

7.7 Are the beneficiaries fully ready to take the full responsibilities of O&M after the rehabilitation of the system? Yes/No.

8. Brief Description about Rehabilitating Scheme

8.1 Basic Information

8.1.1 Length of main canal (existing) Km

8.1.2 Extension required or not. If required length Km

8.1.3 Length of existing branch canals Km

8.1.4 Extension required or new additions required?

8.1.5 Extension /additions required of branch canalKm

8.1.6 Existing irrigated area, Ha.

8.1.7 Potential irrigated area Ha.

8.1.8 Numbers of structures existing, No.

8.1.9 Proposed number of structure, No.

- 8.1.10(a) Existing monsoon irrigated area, ha.
- (b) Existing winter crop area, Ha.
 - Proposed winter additional crop area, ha
 - c) Existing spring crop area,ha.
 - Proposed spring additional crop area, ha.
- 8.2 Basic Problems
 - 8.2.1 Problems at intake in water diversion
 - 8.2.2 Seepages in main canal
 - 8.2.3 Main canal damaged or maintained yes/No?
 - If yes, specify the type of the problem.
 - 8.2.4 Permanent structure not existing
 - 8.2.5 Gates not existing for water management
 - 8.2.6 River scouring or slides
- 8.3 Need of Assistance
 - 8.3.1 River training at the intake yes/no
 - 8.3.2 Construction of intake/weir yes/no
 - 8.3.3 Lining in main canal yes/no
 - 8.3.4 Construction of structures at cross drainages yes /no
 - 8.3.5 Main canal capacity extension/ length extension or both
 - 8.3.6 Branch canal new construction/capacity extension/ length extension/ all
 - 8.3.7 Construction of structure for water distribution or control yes/no
- 8.4 Reason for Water User's Association not able to carry out by themselves (Mark)
 - 8.4.1 Large amount required
 - 8.4.2 Lack of technical skills and knowledge
 - 8.4.3 Permanent solution required on frequent damages
 - 8.4.4 Lack of organization among the beneficiaries
 - 8.4.5 Lack of initiation eve if organization exists
 - 8.4.6 Not successful even after several attempts made

9. Initiations of Water User's Association

- 9.1 Contribution on the total rehabilitation works shall be carried out as follows:
 - 9.1.1 Cash contribution %
 - 9.1.2 Labour contribution %

Annex -2
Requisites for Acceptance of the Schemes

- 1) Works can be carried out through WUA yes/no
- 2) Works completed in a single year yes/no
- 3) Security situation adequately exists around the scheme area yes/no
- 4) Program should be implemented with farmer's full participation under food crisis response program yes/no

*capacity/eligibility of farmers groups shall be assessed

Schemes would be considered eligible for implementation if answers on the above questions are in yes and scheme fulfils all the technical requirements and fall within the allocated financial limits.

Annex-3

Agreement Paper for Small Irrigation Program

1. This agreement is entered into between Cooperative Organisation/Farmer's Groups/ Water user's Association and District Agriculture Development Office for implementation of Small Irrigation Program.
2. This agreement shall be effective from the date of agreement
3. User's association shall start implementation of program within the 15th day of agreement date
4. Implementation works of small irrigation program should be carried out by WUA itself. WUA cannot contract any other party/individuals for carrying out the job.
5. District Agricultural Development Office shall disburse agreed amount of finance in maximum of 3 installments depending upon the nature of the scheme. First % Second % Third %. But items that need to purchase at the same time may be made available in a single installment.
6. Concerning user's groups however need to have completed at least 15% of preliminary works before obtaining the first installment paid.
7. Amount shall be paid only upon the evaluation carried out by the technicians.
8. User's Groups if have availed assistance/grant for this scheme from other sources than own sources such as from any NGO, cooperatives unions/organizations etc should clearly inform to District Agriculture Development Office.
9. User's groups should carry out the implementation works as per the direction given by technicians seconded from DADO.
10. In regard with the final payment, final payment should be done by DADO in check to user's groups within the 15 days of receive of final bills that has been prepared by the technician after field supervision together with the completion report approved by the meeting held of user's group.
11. Implementation (construction) of the scheme that is meant for a year need to be completed within the period of a single fiscal year.
12. User's group shall be accountable for any uncompleted and damaged works that has been caused due to the ignorance of the User's Group.
13. User's group should do public auditing on the completed works.
14. All the works mentioned in this agreement (as per the design and cost estimates) should be completed and come into operation within the days of the date of this agreement.
15. User's groups shall be responsible for the O&M of the scheme after the completion and handover the schemes to the user's group.
16. District Agricultural Development Committee's decision shall be the final on any dispute that if arose in regard with the construction and other related issues.
17. In regard with any statements mentioned in this agreement shall be as per this agreement and any matter not mentioned in this agreement shall be as per the on-going rules, regulations and Acts.

.....
Chairperson/Representative

.....
Program Coordinator

.....
Chief

Name:

Name of the user's group:

Seal:

Witnesses:

Annex- 4

Certificate on Completion of Construction/ Improvement Works

We, the undersigned persons, certify that in Irrigation System being operated under DADO all the construction/improvement works has been completed on as per the agreement made between DADO and WUA on As mentioned in the agreement, user's association has agreed to take all the responsibilities of operation and maintenance of the works by the users of so constructed/improved FMIS which also has been handed over to user's group. DADO shall provide all required technical assistance and training for capacity buildings as per the need assessed for the smooth operation and maintenance of the system.

Details of the Improvement Works

SN	Details of the Improvement Works	Total Cost	GoN's/Project's Contribution NRs.	User's Contribution NRs.
	Total			

*Additional pages can be added

Signed on Behalf of WUA

Signed on Behalf of DADO

(.....)

(.....)

Chairperson

Office Chief

Name of WUA/FG:

DADO

Witnesses

Witnesses

1.

1.

2.

2.

3.

3.

Seal of WUA:

Seal of Office:

Annex-5
Certificate of Water Delivery

Name of Scheme:

VDC

Ward

District

Certified that water has been delivered in the damaged/rehabilitated scheme, after the completion of joint improvement works carried out as per the agreement made between farmers association and District Agriculture Development Office.

Date:

.....
Chairperson
WUA/FG

.....
Office Chief

Witnesses

1.
2.
3.

Witnesses

1.
2.
3.

Annex-6

Distribution of the works between User's Association and DADO office

Works to be carried out by DADO				Works to be carried out by User's			
Item No.	Details of Item	Quantity	Value	Item No.	Details of Item	Quantity	Value

Completed by

Date

Annex-7
Small Irrigation Program
Model Financial Record Format

District:

Name of Project: Small Irrigation Program (Food Crisis Response Program)

Budget head no.: 40-3-385 and 40-4-385

Duration of project: 2065/66 to 2067/68

Fiscal Year:

Total Sanctioned NRs.

Total Expenditure NRs.

Weighted Progress Small Irrigation Program

S N	Project Name	Type of Project	Address	Cost Estimate NRs	Total Expenditure, NRs.				Beneficiaries Household No.	Status description of project (completed, on-going, pending for operation etc)	Command area Ha.			Potential increase in production after rehabilitation Mt.	Remarks
					Approved office budget	Beneficiaries Contribution	Other institution's assistance	Total NRs			Existing	Extension	Total		

Note : Specify percentages in beneficiaries' column.

Annex-8
Social Map of the Scheme Area

(Prepare a sketch map of command area and show social caste, offices, school, health post, bank, land, canal, road, trekking paths etc)

Annex-9

**List of 23 districts with irrigation program launched under
food crisis response program**

Taplejung	Sankhuwasabha
Bhojpur	Terhrathum
Okhaldhunga	Khotang
Solukhumbu	Ramechhap
Mustang	Gorakha
Myagdi	Manang
Dailekh	Jajarkot
Salyan	Rolpa
Rukum	Mugu
Humla	Achham
Darchula	Bajura
Bhajhanga	

Annex 10

Social and Environment Screening Result

A.	Project Summary:	
i	Subproject Name:	
ii	Location (Address):	
iii	Type(e.g. Surface/Groundwater/Improvement/New/Management transfer etc:	
iv	Main Activities	
B.	Summary of main social and environmental findings: (e.g. forest in, drainage problem area in, vulnerable household close to,house/structure likely to impact at....., landslide / erosion problem likely at,water quality issues , situation of agricultural land , etc)	
i		
ii		
iii		
Others		
C.	Screening Design:	
i	No formal IEE/ISE or EIA? SIA is required. Prepared subproject's SEMP in accordance with approved guideline	
ii	Subject requires IEE/ISE, Instruction, e.g. start of the process	
iii	Subject requires detailed EIA/SIA. Instruction, ...	
iv	Subject is ineligible for funding under the IWRMP because	
D.	Screening stage recommendations: (Subproject to consider the following potential issues).	
i	E.g. downstream/ upstream water rights issues among the communities in.....	
ii	Impact on forest at due to subject activities such as,	
iii	Loss/ degradation of poor families land at,	
iv	Degradation or damage to foot trail/water supply line at	
Others		
E.	Screened by:	(Signature and date)
i		
ii		
iii		
F.	Screening approved by:	

Note: Detailed screening questionnaires / checklist and relevant information attached (both desk and screening and field verification information).

EIA = Environment Impact Assessment

IEE = Initial Environmental Examination

ISE = Initial Social Examination

IWRMP = Irrigation and Water Resource Management Project

SIA = Social Impact Assessment

Implementation Manual for the Operation of Community Seed Production & Storage Center and Soil Management (For the Purpose of Food Crisis Response Program)

1. Background

The fast rate of growth in the population since last two decades has necessitated for the increased agricultural production in the same rate through increased productivity in the agricultural land. To achieve this, extensive use of productivity increasing factors such as irrigation, fertilizers, plant protection aids and improved seed are becoming most important. It is now well known that use of quality seeds alone can increase production by about 15 to 25%.

In Nepal, farmers alone are still in most fronts among the different sources of seed suppliers. The traditional seed stored by farmers produced using traditional technology are being used by about 95% of the farmers. These seeds even if are improved varieties, due to their genetic deterioration are with less capacity of increased production. In general it has been observed that the physical purity and germination capacity of so stored seeds by farmers is at the minimal. Therefore it looks very obvious that only due to the replacement of traditionally stored seed that being used by 95% of farmers with quality and improved seed alone can bring increased productivity by about 20 to 25%.

Presently it is estimated that as an institutional source, seed companies can supply annually only about 3 to 6 % of total seed demands of farmers. The seeds being distributed/sold by the institution at one hand are not available to meet the demand and choice of farmers and at another hand even if are qualitative they are too expensive, timely not available, geographically suitable varieties for different locations being not available, hence farmers don't like to depend on the seed distributed by the companies. Therefore, farmers are compelled to store seed from their self grown crops. With this reason, making district progressive toward self sufficient in seed by making farmers avail qualitative seeds in timely and in reasonable price easily is a demand of time toward improving the present adverse situation. For this, mobilization of producers, distributors, farmers group/cooperatives at local level toward implementing seed production and distribution program in effective and planned way has been felt as an urgent need.

The community seed production and storage center program being implemented under the food crisis response program under the grant and credit assistance of World Bank is being planned in 23 remote hilly districts of Nepal as mentioned in Annex-10.

2. Objective

- 2.1 To reduce food crisis through increasing productivity by using quality seeds operating quality seed production program toward making self sufficiency in seeds in the food crisis districts.
- 2.2 To inspire farmers for using quality seeds making aware them about the importance of quality seeds in their community.

- 2.3 To assist in search, conservation, and use of different varieties of crops available at local levels
- 2.4 To assist in capacity building of farmers' groups/cooperatives involved in seed production
- 2.5 To assist in the market promotion maintaining quality of produced seeds
- 2.6 To assist multidisciplinary aspects of seed processing, storage and packaging.
- 2.7 To establish a revolving fund for assisting seed purchase and distribution.

3. Program Formulation and Implementation Methods

- 3.1 District Agricultural Development Office has to collect necessary data needed at district level for determining required amount of seeds for district toward formulating community level seed production program at district level. While collecting data, considering on to determine what area should be seed produced for which year from source seed to first generation seed and from 1st generation seed to 2nd generation seed, data should be collected on area covered by the concerning crop at district level, area covered by improved and local varieties of seeds at district level, productivity, fact that certified second generation seed can be used for 3 to 4 years of food production, seed rates for crops, seed production etc. The work plan regarding fulfillment of the need of so determined new generation seed has to be decided after having discussed in the District Agricultural Development Committee. Seed multiplication program at district should be formulated and operated using this clarified data set. Side by side all these data set should regularly be updated.
- 3.2 DADO should encourage farmers to involve farmers for producing seeds by providing information on the importance of seed and potential seed production area in the district.
- 3.3 Involve farmers in seed production and formation of groups by identifying them on the spot through discussion. While selecting the farmers the group should be capable to store seeds, capable to use production inputs, and farmers are with cooperative feelings. In addition to providing farmers necessary information during discussion on technical knowledge, other necessary information should be necessarily provided that produced seeds should not be used for food purpose except for seed only and that marketing of seed either should be done by farmers himself or through cooperatives. In this regard DADO should help in marketing of seeds through disseminating information regarding the availability of seed within the district and also in the neighbouring districts and making coordination with private seed companies.
- 3.4 After having determined area for seed production for different winter and monsoon crops, information regarding the requirements of source seeds (fundamental and certified seed) with their variety and quantity should be provided to National Seed Committee and Crop Development Directorate. Every year quantity of the so demanded seeds should be reviewed and updated.

- 3.5 Copies of the program together with the agreed farmers/farmer's group to involve in seed multiplication should be made available to concerned agencies, crop development Directorate, Regional Agricultural Directorate, Regional Seed Laboratory and National Seed Committee. One copy of this letter should be provided to concerned farmers or to the farmers groups.
- 3.6 Farms of selected farmers should be with adequate irrigation facilities and with other required facilities (infrastructures). A minimum of 5 Ropani plot in the hills should have been available for seed production with each of the farmer's groups. In selecting the plot with a decision from the group, plots from more than one farmers or from a single farmers can be taken.
- 3.7 For promoting farmers or farmer's groups toward seed production, seed collection, processing, safe storage and marketing, necessary facilities and assistance should be provided at local level together with establishment of seed development revolving fund.
- 3.8 In case fundamental seeds are not available for the operation of seed multiplication and different educational demonstration programs by DADO, certified seeds produced from district level seed multiplication program should be used.
- 3.9 DADO should operate seed multiplication program as a project work. In this, both the area and production must be clearly specified.
- 3.10 Regular information on seeds sold by the farmers groups and status of seeds should be provided by farmer's groups to DADO, and from DADO to Crop Development Directorate.
- 3.11 DADO should regularly provide details and reports containing information on the name of crop, variety, quality of seed, area, quantity of production, and quality standard to Crop Development Directorate after the harvesting of the crops.

4. Program Implementation Units

Implementing agencies for Food Crisis Response Program implemented under Department of Agriculture shall be Department of Agriculture, Irrigation and Water Resources Management Project, Project Coordinator's Office and DADOs from each of the program districts.

5. Technical Supports for Program Implementation

- 5.1 A Technical Team in coordination of Agronomist of DADO office containing other members Plant Protection Officer, Extension Officer, head of local ASC and chairman of seed production groups should be established for implementing the Seed Multiplication Program. In case Agronomist and Horticulturalist are not available, extension Officer should coordinate the team. This team in participation with seed production groups shall prepare work plan on seed production program and forward to concerning offices. Side by side this team on time to time basis shall perform

coordination among seed production groups and increase awareness among the farmer's groups. Work plan should contain points as follows:

- a. Name, title and address of farmers:
 - b. Address of the location of seed production (VDC, ward no.):
 - c. Date of soil sample:
 - d. Dates of land preparations:
 - e. Date of transplanting/seed broadcasting:
 - f. Dates of Irrigation (tentative):
 - g. Dates of weeding:
 - h. Dates of roughing:
 - i. Others (training, visits etc).
- 5.2 Upon the receipt of the work plan from DADO, all the concerned agencies should assist in implementation of programs from their sides.
- 5.3 The district level DADO and project implementation unit in coordination with regional seed laboratory, regional plant protection laboratory, regional soil testing laboratory, and different irrigation offices shall prepare a complete package and conduct training program to seed producing farmers/groups and all involved technicians on seed production technology, storage, quality control, packaging and market management etc.
- 5.4 In coordination with crop development directorate, seed quality control center, and national agricultural research council, the program implementation unit shall prepare booklets on seed technology required in production of seeds by farmers and make available to districts level.
- 5.5 In regard with the quality control of the seeds, the district crop inspector should supervise seeds and crops at least twice a year and should send copies of filled in first and final inspection forms that are made available from seed quality control center to concerned farmers and regional seed laboratory. For preserving the quality of seeds, a continuous and regular supervision need to be carried out especially during harvesting, threshing, drying, storage periods by the technicians and provide guidelines to farmers and take care of seeds.
- 5.6 After the seed has been ready and before the storage, seed samples using the prescribed methodology should be taken for testing of the seed and send them to seed testing laboratory. As needed, seed samples need to be repeated and sent for testing especially during the storage period and before sending it for selling. Selling of the seeds need to be carried out with proper matching labels using prescribed standard and code used as per the standard quality level of seeds. In fulfilling these processes and works, regional seed laboratories in recommendation from DADO office can assist the concerned parties.
- 5.7 For providing necessary assistance in producing quality seeds by the seed producer farmers, the project implementation units shall make available required equipments and materials to District Agricultural Development Offices, Agricultural Service Centers and Sub Centers as follows:

- a) Moisture meter
- b) Petri dish and Plastic Trays for testing the germination rates
- c) Seed sampler
- d) Seed treatment drum
- e) Plastic container for storing seed samples
- f) Measuring Tape
- g) Pan Type for weighing
- h) Stationeries (forceps, pencil, register, field inspection forms, hand lens, seed detail forms etc.
- i) Packaging sacks and polythene sits
- j) PH meter.

6. Resources Management for Program Implementation

- 6.1 If required, credit can be made available to Farmers Group/ Cooperatives involved in seed production and seed business from Seed Development Promotion Center Fund and other financial institutions
- 6.2 A 50% price subsidies shall be provided in the source seeds/ first generation certified seeds that are to be used in seed multiplication
- 6.3 DADO should manage required transportation budget in their annual program for transporting source seeds from its source to ASC, and upto famer's group or farmer level. Based on the location of source seed, DADO should directly transport seeds from agricultural research centers/ farms or other institutions to farmer level.
- 6.4 For safe storage of seeds, upto a 75% of price subsidy can be provided for metal bin, jute sacks, etc depending upon the decision of the groups. The subsidy amount can be obtained from project implementation unit.
- 6.5 For the proper operations of the program, a seed promotion revolving fund budget upto NRs. 200,000/-, depending upon the group's capacity and quantity of requirements should be managed by each groups. The operational modality of this fund is described in Annex-1.

7. Seed Storage Management

While producing relatively large scale of seeds by farmers groups (minimum 5 to 10 ha. Area), farmers may not have safe storage facilities for storing produced seeds that causing difficulties in safe storage and since seeds are also not sold immediately, a community seed storage store targeting to farmers growing seeds 5 ha. per crop in hills and 10 ha. Per crops in Terai is conceptualized to be constructed. The operational responsibility of this store shall be provided to the farmers themselves who store seed in these stores. The construction of the store shall be carried out through user's groups of farmers under some prescribed terms and conditions whereas, detail construction and design survey, supervision and activities like measurement and quality clearances shall be carried out by project implementation units through deputing concerned technicians. The

ownership of so constructed/ rehabilitated store should be not of an individual but of the institution/community.

The store shall be constructed after having an agreement reached with farmer's groups as of annex-2. An information board must be placed in each of completed community seed production and storage center containing information as follows:

- Name and Address of Seed Production and Storage Center:
- Storage Capacity:
- Beneficiaries Households:
- Total Cost:
- Date of Completion
- Donor Institution: World Bank

8. Use of Seed Development revolving Fund

The revolving fund can be used for the following purposes:

- (1) The fund can be only used for storing seeds purchased from farmers who have availed grant for producing seeds and who have to sell seeds immediately and also for purchasing source seeds under such program only.
- (2) The grant amount can be mobilized for facilitating safe storage and distribution of quality seeds and for purchasing materials for storing seeds in plastic/jute sacks etc.
- (3) Grant amount can be used to inspire farmers for greater use of sprayer, seed bins (metal bins), seed drum, and instruments like sack knitting machines etc.

9. Information Dissemination of Quality Seeds

DADO and Regional Seed Laboratories shall assist required information dissemination works regarding importance of quality seeds, sources for seed availability, quantity, varieties etc through pamphlets, poster, radio, television, telephone, letters etc.

10. Interaction Workshop for Strengthening Institutional Structure of Seed Producer's Groups

Farmer's groups can organize regional or district level interaction workshops for strengthening institutional structures of groups for inspiring farmers towards importance on quality seeds, seed production technologies, program formulation for commercialization of seed multiplication program etc.

- a) This type of workshop shall be organized by DADO in assistance and advice of Regional Seed Laboratory, Farmer's Groups, Agro-vets, NGO/INGOs etc possibly one in one district/area for one crop and if not possible at least 2 each for 2 seasons, winter and monsoon crops.
- b) As far as possible workshop should be conducted in seed multiplication pocket area
- c) Active members of farmer's group, seed traders, people's representatives etc should participate in the workshop
- d) The cost on snacks for participants, stationeries, and miscellaneous items has to be borne by the organizing groups

- e) Representative from Regional Seed Laboratory and DADO must participate compulsorily in the workshop.

In case other activities that are related with seed multiplication programs but other than mentioned here if have to be carried out, farmers groups must get a prior approval from DADO.

For obtaining grant assistance for seed revolving fund for implementation of seed multiplication program for food crops farmers groups must send details about the farmer's groups who are involved in seed multiplication program as per Annex-1 and copy of agreement paper signed between DADO and Farmer's Group to Crop Development Directorate.

If the demand for this fund exceeds beyond the allocated budget due to competitions, priority should be given to group observing their institutional status and groups conduction other seed multiplication program.

11. Implementation of Quality Standardization Services

The quality standardization/control services on the seeds produced by farmers groups adopting seed production technology and seed multiplication should be carried out by the concerning officer/technician of DADO and a 10% of its cross checks together with, as per need, seed testing, standardization and tagging shall be carried out by regional seed laboratory.

12. Program Monitoring and Evaluation System

12.1 Central Level

At the central level crop development directorate and project implementation unit in an assistance of concerning directorate and agencies shall made available all the data on seed multiplication obtained through district agricultural development office to national Seed Committee for analyzing all the data on national level seed production, demand for seeds, distribution and stock etc and prepare balance sheet. In addition to this, as per the need, this central level monitoring and evaluation committee shall also provide required suggestion after supervising the seed production areas in each crop season. Crop Development Directorate shall manage for necessary assistance and monitoring and evaluation by deputing a responsible officer for this purpose and report on this shall be made available to concerning district, regional seed laboratory, regional agricultural directorate and Department of Agriculture compulsorily.

Monitoring shall be carried out based on the indicators capable to measure effectiveness of seed production and storage program. Especially, indicators like quantity of production of quality seeds, quantity of storage, quantity sold, operation of revolving fund, accounting system, management of storage center etc, shall be used to make the monitoring system effective.

In addition to this, if needed, monitoring and evaluation can also be carried out through an external independent M&E system. Such M&E works can be contracted out to some renowned national or international agency.

12.2 Regional Level

At regional level, Regional Agricultural Directorate in an assistance with regional seed laboratory, regional soil test laboratory, regional plant protection laboratory, and private sector seed traders, would carry out needed M&E works.

12.3 District Level

The district level seed program in coordination with district Agriculture Development Committee that organized as per APP policy and with private sector seed producers and traders would do monitoring and evaluation works in coordinated way. The agronomist/ extension officer (leader of technical team) need compulsorily participate in the meeting held especially for seed program.

The chief of Agricultural Development Office and Agronomist/Officer looking on crop development are especially entitled for M&E of this program. The reports on program implementation should made available to concerned Regional Agricultural Directorate, Regional Seed Laboratory and Crop Development Directorate compulsorily on monthly basis.

13. Budget Delivery, Financial Management and Fund Flow Arrangement

The project implementation units should prepare and get approval of budget and program from concerning agency for each fiscal year as per the total cost allocation, time frame and work plan of the program based on the on-going process of GoN. Project Coordinator should provide guidelines on budget formulation to each of the implementing units in preparing the budget. In red book of GoN for this food crisis response program, budget heads given for Department of agriculture is 40-3/4-385. Beneficiaries' farmers groups should be paid in installment basis, maximum in 3 installments. Details regarding this are mentioned in the agreement papers prepared for small irrigation project (Annex-3).

Budget operational approval would be provided to all the implementing units/ cost centers once all the programs to be implemented by the project coordinator's office have been approved by concerning authority. The budget operator should operate the account as per the guidelines provided for the program implementation and the progress should be reported compulsorily in the prescribed formats (NPC Formats) and time prescribed by the project coordinator's office. In order to facilitate accounting system operates smoothly, DADOs should send expenditure details in the prescribed format compulsorily every month before 7th day to project coordinator's office in Department of Agriculture.

13.1 Accounting System

Each of the respective budget executive agency/unit must maintain a Cash Basis Accounting System as per the procedure of GON and this must be audited as per the GON procedure. In addition to this, the budget executing unit need to also maintain all the required records of accounting system, ledger and reports as needed for the donor component of budget items. The existing manual accounting system will be correspondingly improved into a computerized accounting system.

13.2 Accounting System Records and Reports

The PCO and all the corresponding budget executing units must keep additional records and prepare additional reports in addition to the regular GON's requirement of records and reports as follows:

13.3 Record to be Maintained by Each of the Budget Executing Units

All the executing units in addition to maintaining the financial records as per the GoN's ongoing requirements should also need to forward the financial reports to PCO on regular basis on the prescribed period of the time as follows:

Reports	Time Period
Monthly expenditure account	Within 7 days of next month
Monthly advance account	Within 7 days of next month
Monthly bank account	Within 7 days of next month
Annual Financial Accounting Report	Within one month of next fiscal year

13.4 Records to be Maintained by PCO

The PCO in addition to the regular requirement on GON's accounting system would also maintain the up-to-date records as needed for the foreign aid financed project records. Based on these records the PCO need to prepare the up-to-date financial report and forward it to the corresponding organizations on prescribed schedule.

(a) Main Loan and Grant Ledger

The record of demand for loan and grant with all the details is recorded in the first part of the main loan ledger and the disbursement after receiving of Disbursement Voucher from the donor agency with adequate details is recorded in the second part of ledger.

(b) Subsidiary Loan Ledger

Like the main loan ledger the subsidiary loan ledger account also includes the detail on the demand for loan (loan application) and details on the disbursement but it includes these accounts in more details as per the loan categories as well as. It also shows the total amount of loan agreed for each categories, amount of total disbursement and net remaining amount in this account.

(c) Special Account Register

A special accounts shall be opened for this project in US\$ currency. At the beginning of project, DOA would apply for an equivalent amount of first two trimester's budget amount and deposit this amount as the initial deposit after receiving the disbursement from donor. Successively this account would maintain details on the initial amount, the up-to-date expended amount, and the supplemented amount from the donor agency for each period of report. To get disbursement for the amount paid from the special account on (i) LC and (i) on direct payments on goods and services, the recipient has to forward a separate application form to the donor agency. Thus the recipient agency has to keep an up-to-date clear record of the details on amount received in the special account, expended amount, amount transformed in the GON's central account no. Ka-6-15 and Ka-7-15 separately in both local and foreign currencies transactions. Except the amount

received from the donor agency, no other amount should be deposited in the special account. Only the donor's acceptable eligible expenditures should be carried out from this account. At the end of each year the audited report on this account should also be forwarded to donor agency together with the annual Project Account.

(d) Direct Payment Account

The direct payment account would include details of payments from the special accounts on the direct purchase of goods and services by the recipient agency, payment made on the LC operation by recipient agency, and direct payment made by donor agency on the loan application forwarded by recipient agency for the same purpose. The account should be maintained in equivalent Nepalese currency even if payment was made in foreign currencies.

13.5 Reports to be Prepared by PCO

The PCO would forward the financial reports to donor agency after having the compilation of the reports obtained from each of the executing units as follows:

Reports	Period Covers	Submission Deadline
1. Implementation Progress Reports	Trimester	Within 45 days
2. Unaudited Financial Statements	Annual	Within 3 months
3. Audited Financial Statements	Annual	Within 6 months

13.6 Internal Auditing

The audit should be done as per the procedure of GON. Each of the executing units should carry out internal and external auditing on all of the items of expenditures within the prescribed period of the time. Internal auditing should be done by Financial Controller's Office on bi-monthly basis and do necessary correction in time as outlined by the auditor.

13.7 External Auditing

External auditing should be done by Auditor's General Office and report should be forwarded on time to concerning agencies.

14. Actions against the Misuse of Grant Fund

If grant fund is found misused, next installment shall be immediately withheld. The misused amount shall be recovered as of GoN revenue and legal action against it shall be also initiated

15. Information Disseminations and Good Governance

All the information should be made transparent as per the Right of Information Act 2007. Guidelines, Implementation Manuals, and other basic information need to be disseminated through Websites, Information Bulletin and Notice boards etc.

Annex-1
Implementation Process of Seed Development Revolving Fund

1. Project Coordinator's Office shall manage to make available NRs. 100,000/- minimally for establishment of seed development revolving fund and Group must have registered legally before obtaining the fund. For establishment of this fund, farmer's group must have contributed 25% of grant amount from their side in advance.
2. Fund shall be operated by the decision of group and in recommendation of ASC/ASSC.
3. Amount from the fund shall be made available to members of farmer's group involved in seed multiplication program on credit basis.
4. Farmers' groups must make available up-to-date record on fund operation including amount of seed purchased/sold and credit given etc on trimester basis to concerning DADO and ASC/ASSC offices.
5. DADO shall regular monitoring and supervision on the operation of credit from the fund.

Annex-2

Agreement Paper on the Construction and Implementation of Community Seed Production and Storage Center (Model)

1. This agreement on the Construction and Implementation of Community Seed Production and Storage Center shall be used for the purpose of Construction and Implementation of Community Seed Production and Storage Center between Cooperative Organisation/ Farmer's Groups/ Water user's Association and District Agriculture Development Office.
2. This agreement shall be effective from the date of agreement
3. User's association shall start implementation of program within the one month from the date of this agreement
4. Construction and Implementation of Community Seed Production and Storage Center program should be carried out by user's groups itself. User's Group cannot contract any other party/individuals for carrying out the job.
5. District Agricultural Development Office shall disburse agreed amount of finance in maximum of 4 installments depending upon the nature of the scheme. First 25 % Second % Third % and Fourth%.
6. Concerning user's groups however need to have completed at least 10% of preliminary works before obtaining the first installment paid.
7. Installments shall be paid only upon the evaluation carried out by the technicians.
8. User's Groups if have availed assistance/grant for this scheme from other sources than own sources such as from any NGO, cooperatives unions/organizations etc should clearly inform to District Agriculture Development Office. If information were not provided the whole agreement shall be dismissed and all the paid amounts shall be refunded from the user's groups.
9. User's groups should carry out the implementation works as per the direction given by technicians seconded from DADO.
10. In regard with the final payment, final payment should be done by DADO in check to user's groups within the 15 days of recieval of final bills that has been prepared by the technician after field supervision together with the completion report approved by the meeting held of user's group.
11. Implementation (construction) of the scheme should be completed within the period of agreement.
12. User's group shall be accountable for any uncompleted and damaged works that has been caused due to the ignorance of the User's Group.
13. User's group should do public auditing on the completed works.

14. All the works mentioned in this agreement (as per the design and cost estimates) should be completed and come into operation within the days of the date of this agreement.
15. User's groups shall be responsible for the O&M of the scheme after the completion and handover the schemes to the user's group.
16. District Agricultural Development Committee's decision shall be the final on any dispute that if arose in regard with the construction and other related issues.
17. In regard with any statements mentioned in this agreement shall be as per this agreement and any matter not mentioned in this agreement shall be as per Public Procurement Act 2063, Public Procurement Regulation 2064 and as per the other on-going rules, regulations and Acts.
18. If any point mentioned in this agreement is observed not complied by cooperative organization/ farmer's group/ user's group, the agreement shall be dismissed and all the paid amount shall be refunded from the concerning group as if of GoN revenue.

..... ..
Chairperson/Representative

..... ..
Program Coordinator

..... ..
Chief

Name:

Name of the seed producer's group:

Seal:

Witnesses:

Annex-3
**Certificate on Completion of Construction of Community Seed
production and Storage Center**

We, the undersigned persons, certify that Community Seed production and Storage Center being operated underDADO and IWRMP (Agriculture), Project Implementation Unit, all the construction/improvement works has been completed on as per the agreement made between DADO and seed producing farmer's group on As mentioned in the agreement, farmer's group has agreed to take all the responsibilities of operation and maintenance of the works by the group of so constructed/community seed production and storage center which also has been handed over to user's group. DADO shall provide all required technical assistance and training for capacity buildings if requested by the user's as per the need assessed for the smooth operation and maintenance of the center.

Details of the Improvement Works

SN	Details of the Improvement Works	Total Cost	GoN's/Project's Contribution NRs.	User's Contribution NRs.
	Total			

*Additional pages can be added

Signed on Behalf of FG

(.....)
Chairperson

Name of FG:

Witnesses

1.
2.
3.

Seal of WUA:

Signed on Behalf of DADO

(.....)
Office Chief

DADO

Witnesses

1.
2.
3.

Seal of Office:

Annex-4

Certificate of Operationalization of Community Seed Production and Storage Center

Name of Center:

VDC

Ward

District

Certified that, Community Seed Production and Storage Center after the completion of works carried out as per the agreement made between farmers association and District Agriculture Development Office has now fully come into operation.

Date:

.....

Chairperson

FG

Witnesses

1.

2.

3.

.....

Office Chief

Witnesses

1.

2.

3.

Annex-5
Works to be carried out between Seed Producer's Group and
DADO office as per the Cost Estimates

Works to be carried out by DADO				Works to be carried out by Seed Producer's Group			
Item No.	Details of Item	Quantity	Value	Item No.	Details of Item	Quantity	Value

Completed by

Date

Annex-6

Description of Community Seed Producer's Group to be filled in by DADO

1. Name of Farmer's Group Involved in Seed Production:-
2. Address:-
3. Numbers of Farmers in the Group: Male: Female: Total:
4. Type of Group: (Multipurpose/Single):
5. Works being Carried out by the Group:
 - a.
 - b.
 - c.
6. Date of start of Seed Production:
 - a. Crops:
 - b. Varieties:
7. Capital of Seed Producer's Group:
8. Source of Income of Group:
9. Legitimacy of Group: (Registered with DADO/Cooperatives/CDO/Other, Specify)
10. Group member's involved in financial work of group:
11. Bank account of Group Yes/No
 - a. Name of Bank if account:
 - b. Account Number:
 - c. Balance:
12. Name and numbers of farmers in the group with knowledge on seed production technology:
13. Balance of seed production and sale of last year:

Crop	Variety	Area	Production	Sale of seed			Used as food crop	Stock as seed	Remarks
				Within Group	Out from Group	Outside district			

Representative of Group:

Name:

Position:

Signature:

Concerning Officer from DADO:

Name:

Position:

Signature:

Date:

14. Description of seed production program for current fiscal year:

a. Numbers of farmers involved in seed production:

b. Crop, variety, and area for seed production:

Name and Address of Farmers	Crop	Variety	Area	Standard of the Seed for production	Source of seed	Training availed, Y/N	Remarks

15. Estimated quantity of seed production by Group:

16. Estimated consumption of proposed seed produced:

a. Within the group:

b. Outside the Group:

c. Outside the District:

Annex-7

Commitment Paper of Food Crop Seed Producer Farmer's Group Willing to Participate in the Community Seed Production and Storage Center

We, Farmer's Group whose details are in the attached annex and who are willing to attach with the special assistance program of community Seed Production and Storage Program being run under DADO, and willing to work under the community seed production and storage program being run under Department of Agriculture, Crop Development Directorate/ Irrigation and Water Resources Management Program (Agriculture), Project Coordinator's Office hence provide our commitment for it. In case we fail to fulfill our commitment, we agree to obey as per the ongoing law. With this commitment we the following persons from the side of our organization and in the witness of officer/ representative of DADO office sign in this commitment paper.

Details:

1) Chairperson:	Name:	Signature:
2) Secretary:	Name:	Signature:
3) Treasurer:	Name:	Signature:

Witnesses:

Representative from DADO:	Name:
	Position:
	Signature:

Date:

Annex-8

Details about Seed Produced under the Seed Production and Storage Program

District:

Crop: Paddy/Maize/Wheat/Potato/Others

Name of group and members of group	Address of program area	Source of seed	Grade of seed grown	Varieties	Area	Date of Seed broadcasted/transplanted	Seed test done Y/N	Fertilizer rate/ha, chemical/compost	Attempt made on sales

Prepared by Officer:

Chief of Office:

Date:

Annex-9
Details of Production, Sale and Stock of Community Seed
Production and Storage Program

District:

Crops:

SN	Name of Farmer's Group	Name of Farmer	Address	Source of seed	Grade of produced seed	Variety	Area grown	Production	Quantity sold as seed	Quantity of stock as seed	Sold as food crop	Remarks

Prepared by Officer:

Chief of Office:

Annex-10

List of 23 districts with community seed production and storage program launched under food crisis response program

Taplejung	Sankhuwasabha
Bhojpur	Terhrathum
Okhaldhunga	Khotang
Solukhumbu	Ramechhap
Mustang	Gorakha
Myagdi	Manang
Dailekh	Jajarkot
Salyan	Rolpa
Rukum	Mugu
Humla	Achham
Darchula	Bajura
Bhajhanga	

Implementation Manual for Soil Management Program (For the purpose of Food Crisis Response Program)

1. Background

The soil management program is being implemented for increased soil-fertility by proper management of the deteriorating fertility of soil through scaling up of the knowledge and experience obtained from the sustainable soil management program as an expedition. This program is being implemented for minimizing food crisis by increasing soil fertility through replacing the dependency on chemical fertilizers with local technology and compost making at farmers level under the sustainable soil management program. The soil management program shall be implemented in 23 hilly and remote districts of Nepal (Annex-1) under the food crisis response program of World Bank's grant and credit assistance.

2. Objectives

Objectives of the program is to increase production and productivity by reducing dependency on chemical fertilizers with the establishment of local technology and compost making at farmers level for increased soil fertility under the program of sustainable soil management.

3. Programs

Under the sustainable soil management program, soil improvement programs shall be implemented. Since soil management program is related with the work area of Soil Management Directorate, these programs shall be also implemented following the directives provided by the directorate.

3.1 Demonstration on Compost

Emphasis shall be stressed on use and preparation of quality compost for increased soil fertility through supplementing chemical fertilizers in the crop production.

Objectives : Practical demonstration on improved method of compost making

Method :

- Like other demonstration appropriate site should be selected for proper participation of farmers
- Locally available materials such as leafs, vegetable wastages, dung, etc should be placed in different layers in a trench spreading with chemical fertilizers and lime and pasting with soil layers for some times. The fertilizers should then be extracted for use in appropriate time.
- The method of compost making using such materials should be demonstrated subsequently.

3.2 Organic (Green) Manure Result Demonstration

Demonstrating how Sisbania (Dhaicha), Sanai, and Barsim etc can be used as organic manure that can increase the soil fertility hence production need to promoted for use by the farmers in their crops.

Objectives : This program is launched to demonstrate the differences in the results in two plots one with green manure used and another without used.

Method :

- This program should be launched in collaboration with regional soil laboratory where laboratory shall collect and analyze soil samples and other works shall be carried out by DADO.
- Selecting farmers growing paddy-wheat/maize system in the irrigated areas, green manure should be used in at least two plots before transplanting of the paddy.
- Half of the recommended doses of chemical fertilizers should be used in organic manure demonstration plots and full recommended dose of c/f should be used in plot without the organic manure being applied.
- After paddy, similar use of fertilizers/manure should be done in wheat/maize. This shall help to demonstrate the result of use of organic manure.
- While conducting this demonstration, first land preparation and seed broadcasting of organic manure should have been completed. After that crop should be grown and fertilizers/manure should be used as mentioned above.
- After explaining farmers the differences observed in productivity and production due to different results of demonstration, a copy of report should be forwarded to concerning offices.

3.3 Demonstration on the Use of Micro-Nutrients

In the areas where micro-nutrients are deficient this demonstration is carried out to show the result of increased production due to use of micro-nutrients.

Objective : To increase the productivity through use of micro-nutrients

Methods :

- Demonstration should be carried out in the area where studies have shown micro-nutrients are deficient in the soil.
- The use of materials of micro-nutrients should be demonstrated only at the appropriate time for the use of micro-nutrients.
- Soil test should be carried out before and after the use of micro-nutrients in order to demonstrate the effect of micro-nutrients in the crops. The report of the test should be shown/send to farmers and concerning offices.

3.4 Demonstration on the Use of Micro-Bio-Fertilizers

Among different methods for increasing productivity, use of micro-bio-fertilizers has been also one, hence selected for demonstration.

Objective : Demonstration of importance of micro-bio fertilizers in leguminous crops

Method :

- In active participation of farmers' plots growing with leguminous crops like soyabean/lentil etc, micro-bio-fertilizers should be used in half of the area and not used in half of the area.
- After obtaining the production records in both type of area results should be demonstrated among the farmers and reports should be forwarded to concerning offices.

3.5 Demonstration on the Use of Azola and Bio-gas Slurry

This demonstration is carried out to show result on crops by use of azola and slurry produced from bio-gas plant in different crops.

Objectives : To show the comparative result on crop by the use of azola and slurry from bio-gas plant.

Methods :

- In participation of farmers direct use of slurry produced from the bio-gas plant as a compost should be demonstrated
- To observe the use of azola and slurry on the fertility capacity of soil, soil test need to be carried out.

3.6 Use of Agricultural Lime

This demonstration is carried out to reduce acidity in soil that observed during soil test.

Objectives : Inspire farmers to improve soil quality through use of agricultural lime.

Methods : Based upon the result of campaign on soil test and other studies on soil, demonstration on the application of lime in about half of the demonstration plot should be carried out as per the recommendation of lime use for that plot.

3.7 Campaign on Soil Testing / Operation of Soil Week

Soil test camp need to be initiated as a campaign in order to clarify problems on soil at specific location in a planned way. This type of campaign can be continued for a week and celebrated as a soil week.

Objectives :

- To get knowledge on soil fertility in farmer's participation and analyze the soil on the spot.
- To conduct a on the spot soil analysis in a cropped area and recommend technology relevant to soil management.

Methods :

- Regional soil test laboratory should made available all necessary chemicals, equipments and technical services for operation of soil test campaign.
- DADO should inform farmers about the program and do all other management works.

- Operation of soil test campaign shall be more effective if it is collaborated with the ASC level soil management training.

3.8 Sustainable Soil Management Training at ASC level

Theoretical and practical trainings are conducted on sustainable soil management on demand of farmers and based on the need of soil test relevant to use of compost and chemical fertilizers for increasing soil fertility and integrated food element management.

Objectives : Assist sustainable soil management program through on the spot training to farmers.

Methods :

- Theoretical and practical trainings are conducted on subjects like sustainable soil management and necessity of soil test on demand of farmers at ASC level.
- This program should be conducted in close coordination with soil management directorate.

3.9 Farmer's Field School on Integrated Food Element Management

This program is launched to improve sustainable soil fertility by supplementing food element as per need in different crops that caused by soil erosion, losses of organic matters, unbalanced and inadequate application of fertilizers, acidity etc.

Objectives : In order to maintain soil fertility farmers field school are run adopting integrated approach in use of all potential alternatives.

Methods : Since Soil Management Directorate has a separate guidelines for operating farmer's field school on integrated food element management, this program should be run accordingly.

3.10 Compost Shed Improvement Program

In this program animal urine collection and preservation is carried out by constructing a urine collection tank. Urine is either directly applied in crops or it is mixed with farm yard manure (FYM) in the compost shed for improving quality of FYM. In addition to mixing urine from the shed, different activities are carried out to preserve nitrogen element among other important food element in FYM, through construction of shed, diversion of urine and taking measure to save urine from seepage and evaporation etc. Farmers are directed to prepare sheds for animal that takes care of avoiding seepages and leakages of urine while preparing shed under this program. Emphasis are given to prepare floor of shed that helps proper draining of urine using local materials such as stone, tree leaves etc in close participation by farmers. In addition to this farmers are also encouraged to manage for construction/acquisition of tank and pipes for collecting urine in tanks using pipes.

Objectives :

- To use urine directly to crops or use urine in FYM and increase quality of FYM through conserving urine and dung in the animal shed

4. Project Implementation Unit

The implementation unit for implementation of Food Crisis Response Program under Department of Agriculture would be the Project Coordinator's Office of IWRMP and respective District Agriculture Development Office where this program is planned for implementation.

5. Budget Disbursement, Financial Management and Fund Flow System

The project implementation units should prepare and get approval of budget and program from concerning agency for each fiscal year as per the total cost allocation, time frame and work plan of the program based on the on-going process of GoN. Project Coordinator should provide guidelines on budget formulation to each of the implementing units in preparing the budget. In red book of GoN for this food crisis response program, budget heads given for Department of agriculture is 40-3/4-385.

Budget operational approval would be provided to all the implementing units/ cost centers once all the programs to be implemented by the project coordinator's office have been approved by concerning authority. The budget operator should operate the account as per the guidelines provided for the program implementation and the progress should be reported compulsorily in the prescribed formats (NPC Formats) and time prescribed by the project coordinator's office. In order to facilitate accounting system operates smoothly, DADOs should send expenditure details in the prescribed format compulsorily every month before 7th day to project coordinator's office in Department of Agriculture.

5.1 Accounting System

Each of the respective budget executive agency/unit must maintain a Cash Basis Accounting System as per the procedure of GON and this must be audited as per the GON procedure. In addition to this, the budget executing unit need to also maintain all the required records of accounting system, ledger and reports as needed for the donor component of budget items. The existing manual accounting system will be correspondingly improved into a computerized accounting system.

5.2 Accounting System Records and Reports

The PCO and all the corresponding budget executing units must keep additional records and prepare additional reports in addition to the regular GON's requirement of records and reports as follows:

5.3 Record to be Maintained by Each of the Budget Executing Units

All the executing units in addition to maintaining the financial records as per the GoN's ongoing requirements should also need to forward the financial reports to PCO on regular basis on the prescribed period of the time as follows:

Reports	Time Period
Monthly expenditure account	Within 7 days of next month
Monthly advance account	Within 7 days of next month
Monthly bank account	Within 7 days of next month
Annual Financial Accounting Report	Within one month of next fiscal year

5.4 Records to be Maintained by PCO

The PCO in addition to the regular requirement on GON's accounting system would also maintain the up-to-date records as needed for the foreign aid financed project records. Based on these records the PCO need to prepare the up-to-date financial report and forward it to the corresponding organizations on prescribed schedule.

(a) Main Loan and Grant Ledger

The record of demand for loan and grant with all the details is recorded in the first part of the main loan ledger and the disbursement after receiving of Disbursement Voucher from the donor agency with adequate details is recorded in the second part of ledger.

(b) Subsidiary Loan and Grant Ledger

Like the main loan ledger the subsidiary loan ledger account also includes the detail on the demand for loan (loan application) and details on the disbursement but it includes these accounts in more details as per the loan categories as well as. It also shows the total amount of loan agreed for each categories, amount of total disbursement and net remaining amount in this account.

(c) Special Account Register

A special accounts shall be opened for this project in US\$ currency. At the beginning of project, DOA would apply for an equivalent amount of first two trimester's budget amount and deposit this amount as the initial deposit after receiving the disbursement from donor. Successively this account would maintain details on the initial amount, the up-to-date expended amount, and the supplemented amount from the donor agency for each period of report. To get disbursement for the amount paid from the special account on (i) LC and (i) on direct payments on goods and services, the recipient has to forward a separate application form to the donor agency. Thus the recipient agency has to keep an up-to-date clear record of the details on amount received in the special account, expended amount, amount transformed in the GON's central account noKa-6-15 and Ka-7-15 separately in both local and foreign currencies transactions. Except the amount received from the donor agency, no other amount should be deposited in the special account. Only the donor's acceptable eligible expenditures should be carried out from this account. At the end of each year the audited report on this account should also be forwarded to donor agency together with the annual Project Account.

(d) Direct Payment Account

The direct payment account would include details of payments from the special accounts on the direct purchase of goods and services by the recipient agency, payment

made on the LC operation by recipient agency, and direct payment made by donor agency on the loan application forwarded by recipient agency for the same purpose. The account should be maintained in equivalent Nepalese currency even if payment was made in foreign currencies.

5.5 Reports to be Prepared by PCO

The PCO would forward the financial reports to donor agency after having the compilation of the reports obtained from each of the executing units as follows:

Reports	Period Covers	Submission Deadline
1. Implementation Progress Reports	Trimester	Within 45 days
2. Unaudited Financial Statements	Annual	Within 3 months
3. Audited Financial Statements	Annual	Within 6 months

5.6 Internal Auditing

The audit should be done as per the procedure of GON. Each of the executing units should carry out internal and external auditing on all of the items of expenditures within the prescribed period of the time. Internal auditing should be done by Financial Controller's Office on bi-monthly basis and do necessary correction in time as outlined by the auditor.

5.7 External Auditing

External auditing should be done by Auditor's General Office and report should be forwarded on time to concerning agencies.

6. Actions against the Misuse of Grant Fund

If grant fund is found misused, next installment shall be immediately withheld. The misused amount shall be recovered as of GoN revenue and legal action against it shall be also initiated

7. Information Disseminations and Good Governance

All the information should be made transparent as per the Right of Information Act 2007. Guidelines, Implementation Manuals, and other basic information need to be disseminated through Websites, Information Bulletin and Notice boards etc.

Annex-1
List of 23 districts with Soil Management program launched under
food crisis response program

Taplejung	Sankhuwasabha
Bhojpur	Terhrathum
Okhaldhunga	Khotang
Solukhumbu	Ramechhap
Mustang	Gorakha
Myagdi	Manang
Dailekh	Jajarkot
Salyan	Rolpa
Rukum	Mugu
Humla	Achham
Darchula	Bajura
Bhajhanga	

Implementation Manual for Providing Subsidy on Transportation of Chemical Fertilizers and Seed under Social Safety Nets Project (For the Purpose of Food Price Crisis Response Program)

1. Background and Objectives

Government of Nepal since 2029 has been involved in making chemical fertilizers and improved seeds available in low prices by providing transport subsidy from road head to district headquarters for these goods. These programs were targeted in the remote high hills and mid-hills districts where transport facilities were not available. The program on providing subsidy in the transportation of chemical fertilizers, organic fertilizers and seeds in the targeted remote high hill districts were continued by the National Fertilizer Policy 2058 of government which was approved on 2058/11/16 (the then His Majesty's Government of Nepal). This seems happened because if actual transportation cost would have been added in the price of these goods that would have caused production cost to exceed the sale-value of production and farmers would have been completely unable to access these inputs. This program is supposed to provide a relief from price hike of chemical fertilizer to the people of targeted area. At the same time, it is also assumed that this program would assist GON's goal of poverty reduction through increased food grain production in the area. This program is being implemented under food crisis response program in order to make the targeted areas food self-sufficient by increasing food grain production at local level. Presently, looking over the existing food crisis situation in the country it has become necessary and important to increase accesses of fertilizers and improved seeds in low prices to small and marginal farmers that reside in the rural remote areas.

2. Definitions

- (a) "ministry" means Ministry of Agriculture and Cooperatives
- (b) "unit" means fertilizer unit within the ministry
- (c) "department" means Department of Agriculture
- (d) "committee" means District Agri-input Supply and Monitoring Committee establish as per this manual
- (e) "office" means the corresponding District Agriculture Development Office of the concerning district
- (f) "authorized distributor" means the agency appointed for supply of agricultural input by district Agricultural Development Office as per this manual
- (g) "program" means the Food Crisis Response Program
- (h) "agri-inputs" means chemical fertilizers, organic fertilizers and seeds

3. Program Implementation Districts

This program of grant assistance in the transport cost of fertilizers and seeds run under food crisis response program are supposed to implement in 23 districts mentioned in annex-2.

4. Program Implementation Unit

The Program Implementation Unit of IWRMP at DOA and DADO offices of concerning districts of program implementation are the Implementation Unit for Food Crisis Response Program run under Department of Agriculture.

5. Program Structure and Budget Management

Every year the program structure and scope of work area need to be reviewed based upon the facts like demand for fertilizers and seeds in the district, supply situations and approved budget etc. In this respect, chemical fertilizers, organic fertilizers and improved seeds shall be transported up to ASC level and distributed to make these accessible to small and marginal farmers of remote rural areas of 23 hilly districts listed in annex-2. This program is run under the food crisis response program under the World Bank's grant and loan assistance for the purpose of for reducing food shortages. The grant assistance on transport program shall be implemented in FY 2065/66 and FY 2066/67 and reviewed on time to time basis. Transport assistance support provided under this program shall exclusively provide only to the chemical fertilizers, organic fertilizers and seeds that are also discussed in detail below. The authorized distributors who have entered into an agreement with DADO office for purchasing and transporting chemical/organic fertilizers, seeds etc should purchase these fertilizers from the attached lists of importers of the fertilizers. The list of importers (listed up to Marga 2065) of chemical/organic fertilizers are given in annex-4.

5.1 Chemical Fertilizers

This support assistance shall be provided on any chemical fertilizer that can make available nutrient element suitable to growth and replenish of crop plants e.g. nitrogen, phosphorous, and potassium and which can be directly applied in any kind of soil and which has at least one or more nutrient elements. Under this, fertilizers of any kind e.g. straight, mixed, complex or compound can get this facility. However, these at least should contain one or more elements like nitrogen, phosphorus, and potassium.

5.2 Organic Fertilizer

Approved and accepted type of any organic manure by GON.

5.3 Seeds

The subsidy assistance available under food crisis response program should be on the seed types as follows:

1. Paddy, 2. Wheat, 3. Maize, 4. Millet, 5. Potato, 6. Other food crops of local importance.

6. Program Implementation Responsibilities and Implementation Process

- 6.1 This program shall be implemented by the concerning District Agricultural Development Offices in close coordination with DDC and in direction of ministry and department.
- 6.2 For transportation and sale of chemical fertilizers, organic manure and seeds under this program in the district, DADO as per this manual would appoint an authorized distributor using a bidding process.
- 6.3 DADO can appoint separate distributors for chemical fertilizers, organic manure and seeds. But within a district, there should be not more than one distributor for a single type of inputs e.g. chemical fertilizers, organic manure and seeds.
- 6.4 The authorized distributor must have been registered in GON's concerning agency and in VAT.
- 6.5 Office should have an agreement with the selected bidder for the distributions of inputs. As per the Public Procurement Regulation 2064, an evaluation must be carried out on all the properly applied bidders and select the bidder with the best qualifications.
- 6.6 The process regarding the notification about the bid should follow the method mentioned in Public Procurement Regulation 2064.
- 6.7 Bids should be evaluated by the DADO by forming an evaluation committee as per the rule no. 147 of Public Procurement Regulation 2064.

Note : Except mentioned above other process should be in an accordance of Public Procurement Regulation 2064.

6.8 Terms of Services and Facilitation for Authorized Distributors

- (a) The authorized distributor should purchase fertilizers only from the approved importer or producer by GON ministry or from the stock storages of ministry. In case the authorized distributor is also an importer registered with MOAC, there would be no objection for supplying self imported chemical fertilizers in the program districts. Purchased seeds must be certified and released one.
- (b) Staying within the limit of annual program, the authorized distributor would be responsible for distribution and transportation of prescribed agro-inputs up to the prescribed ASC of the district.
- (c) The transport subsidy amount on chemical fertilizer should be made available to distributor after having sold the input and only on the sold quantity.

7. Transportation Process

Transportation of chemical fertilizers and seeds in the program districts would be done by hiring transport services from appointing authorized distributors as per the prevailing regulation of GON, through preparing a standard bidding document following a competitive process. The process of buying and transportation is described in Annex-3.

8. Transport Subsidy Budget Expenditures

The concerning DADO should record the expenditure made available to authorized distributor or its representatives on the transported and sold quantities of the inputs based on as follows:

- (a) Original bills or the dispatch paper provided by the agency from where fertilizer was purchased.
- (b) Certification of transportation and means of transport
- (c) Letter or bill from the agency/office/institution's godown/storages for certification of arrival of inputs at the concerned ASC
- (d) Copies of bills/receipts of sale of inputs made at the ASC level of the district

9. Rolls of Institution/Agencies Involved in the Program

9.1 Authorized Distributor

- (a) Written information about the arrival of agro-inputs within the ASC level of the district should be provided to DADO
- (b) Facilitate for on the spot supervision of storage and sales-spot to DADO or person designated by it or the members of the committee
- (c) Provide monthly progress report on the sale of fertilizers in a format provided by the office

9.2 District Agricultural Development Office

- (a) Appoint authorized distributors as per this manual
- (b) Make available trimester program to authorized distributors that has been prepared based on the approved program for distributors
- (c) Formulation of annual program, implementation, supervision and monitoring of Food Crisis Response Program
- (d) Record expenses/ and provide payments on transport support cost on the imported and sold quantities of inputs in the district
- (e) Work as a secretariat of the committee

9.3 Regional Agricultural Directorate

Supervise on the arrival of agri-inputs in the programmed district and solve problems aroused at local levels.

9.4 Department of Agriculture

Overall monitoring and supervision of program activities

9.5 Ministry of Agriculture and Cooperatives

Overall monitoring and supervision and policy formulation on the program activities

9.6 Independent Monitoring Mechanism

An independent monitoring mechanism shall be built for the overall monitoring, evaluation, and preparation of report based on the detailed study and preparations of detail information on farmers that receive the fertilizers. Responsibility of such independent monitoring shall be given to a nationally/internationally renowned organization on contract basis.

10. Formation and Responsibilities of District Agricultural Inputs Supply Monitoring Committee

A District Agricultural Inputs Supply Monitoring Committee would be formed by District Agricultural Development Committee in each programmed district for ensuring timely availability of inputs to farmers residing in the remote areas with having no access of transportation. Supply is managed by GON in the subsidized rate considering on their need, benefit and facilitation. The composition of team members is as follows:

Chief District Officer	-	Chairperson
District Agricultural Development Officer	-	Member
Local Development Officer or Representative deputed by him	-	Member
Representative Federation of Commerce and Industry (district level)	-	Member
Chemical Fertilizer Supervisor, DADO,	-	Member Secretary

Duty and Responsibilities of Committee

- (a) Monitoring and supervision on supply and distribution of chemical fertilizers and seeds in the district
- (b) Management for sale and distribution of chemical fertilizers and seed at ASC level of district on subsidized rates
- (c) Approval of selling prices of agricultural inputs for the district that proposed for sale by the authorized distributor
- (d) Manage for necessary control mechanism to avoid any unwanted sales/distribution of agricultural inputs in the district.

11. Formation and Responsibilities of Agricultural Input Supply Monitoring Committee at ASC level

Chief of local ASC	-	Coordinator
Secretary of local VDC	-	Member
Local Farmers Group/ Representative of Cooperatives	-	Member

Duty and Responsibilities of Committee

The ASC level Agricultural Input Supply and Monitoring Committee shall provide certification of arrival of input at local level.

12. Forwarding of Reports and Recording of Details about Distribution of Inputs

DADO should forward reports in each month in the format mentioned in Annex-1 those obtained from authorized distributor to DOA and from concerning Regional Agricultural Directorate. DADO should keep an up-to-date details and addresses of farmers that received the chemical fertilizers, by updating the overall details on the distribution of fertilizers in the district.

13. Budget Delivery, Financial Management and Fund Flow Arrangement

The project implementation units should prepare and get approval of budget and program from concerning agency for each fiscal year as per the total cost allocation, time frame and work plan of the program based on the on-going process of GoN. Project Coordinator should provide guidelines on budget formulation to each of the implementing units in preparing the budget. In red book of GoN for this food crisis response program, budget heads given for Department of agriculture is 40-3/4-385.

Budget operational approval would be provided to all the implementing units/ cost centers once all the programs to be implemented by the project coordinator's office have been approved by concerning authority. The budget operator should operate the account as per the guidelines provided for the program implementation and the progress should be reported compulsorily in the prescribed formats (NPC Formats) and time prescribed by the project coordinator's office. In order to facilitate accounting system operates smoothly, DADOs should send expenditure details in the prescribed format compulsorily every month before 7th day to project coordinator's office in Department of Agriculture.

13.1 Accounting System

Each of the respective budget executive agency/unit must maintain a Cash Basis Accounting System as per the procedure of GON and this must be audited as per the GON procedure. In addition to this, the budget executing unit need to also maintain all the required records of accounting system, ledger and reports as needed for the donor component of budget items. The existing manual accounting system will be correspondingly improved into a computerized accounting system.

13.2 Accounting System Records and Reports

The PCO and all the corresponding budget executing units must keep additional records and prepare additional reports in addition to the regular GON's requirement of records and reports as follows:

13.3 Record to be Maintained by Each of the Budget Executing Units

All the executing units need to forward the financial reports to PCO on regular basis on the prescribed period of the time as follows:

Reports	Time Period
Monthly expenditure account	Within 7 days of next month
Monthly advance account	Within 7 days of next month
Monthly bank account	Within 7 days of next month
Annual Financial Accounting Report	Within one month of next fiscal year

13.4 Reports to be Prepared by PCO

The PCO would forward the financial reports to donor agency after having the compilation of the reports obtained from each of the executing units as follows:

Reports	Period Covers	Submission Deadline
1. Implementation Progress Reports	Trimester	Within 45 days
2. Unaudited Financial Statements	Annual	Within 3 months
3. Audited Financial Statements	Annual	Within 6 months

13.5 Internal Auditing

The audit should be done as per the procedure of GON. Each of the executing units should carry out internal and external auditing on all of the items of expenditures within the prescribed period of the time. Internal auditing should be done by Financial Controller's Office on bi-monthly basis and do necessary correction in time as outlined by the auditor.

13.6 External Auditing

External auditing should be done by Auditor's General Office and report should be forwarded on time to concerning agencies.

Annex-1

Government of Nepal
Ministry of Agriculture and Cooperatives
Department of Agriculture
District Agriculture development Office
District

Month

Period

Program: Food Crisis Response Program

Name and Addresses of Authorized Distributor

1. Total Approved Budget

SN	Program	Total Approved Rs. 000	Last Month's Expenditure	Expenditure up to this month	Expenditure upto now
1	Chemical fertilizers				
2	Seeds				

2. Transportation Rates

Rs/Mt.

Place of Transportation

From Where

to Where

3. Program

3.1 Chemical fertilizers

SN	Name of Fertilizer	Arrived Quantity in the district, Mt (supply)			Sold/Distribution Quantity (Mt)		
		Up to last month	This month	Total up to now	Up to last month	This month	Total up to now
1	Urea						
2	DAP						
3	MOP						
4						

3.2 Seeds

SN	Name of seed	Arrived Quantity in the district, Mt (supply)			Sold/Distribution Quantity (Mt)		
		Up to last month	This month	Total up to now	Up to last month	This month	Total up to now
1							
2							

3.3 Details about Prices

SN	Name of input	Unit	Rs.	Remarks
1				
2				

Report submitted by

Approved by

Annex-2

Government of Nepal
Ministry of Agriculture and Cooperatives
Department of Agriculture

List of 23 districts with subsidy on transportation of fertilizers and seed program launched under food crisis response program

Taplejung	Sankhuwasabha
Bhojpur	Terhrathum
Okhaldhunga	Khotang
Solukhumbu	Ramechhap
Mustang	Gorakha
Myagdi	Manang
Dailekh	Jajarkot
Salyan	Rolpa
Rukum	Mugu
Humla	Achham
Darchula	Bajura
Bhajhanga	