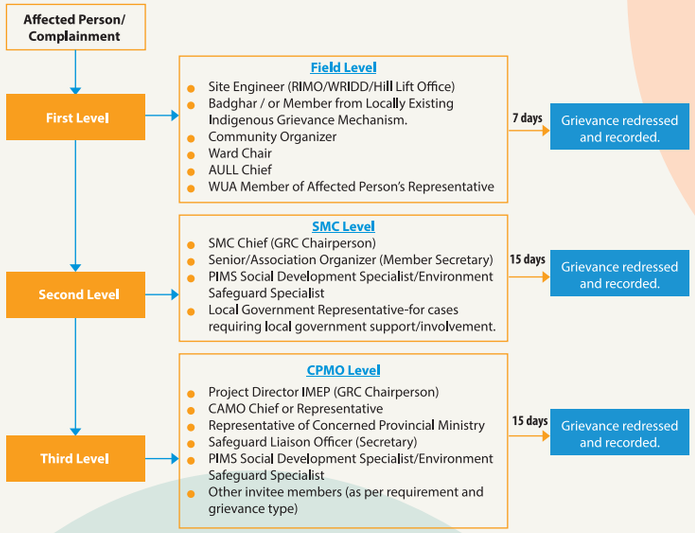
Grievance Redress Mechanism



Costs and Financing

The total estimated cost of the project is $133.64 million, as detailed in Table below:

Summary of Cost Estimates ($ million)

Item	Amount
A. Base Cost	**106.05**
1. Irrigation infrastructure modernization	84.07
2. Strengthening capacity of irrigation and agriculture agencies and farmer organizations	3.01
3. Introduction of modern agriculture and value chain facilities	10.30
4. Project management	8.67
B. Contingencies	**20.96**
C. Financial Charges During Implementation	**6.63**
Total (A+B+C)	**133.64**

The cost estimates have been prepared considering base costs, contingencies, and financial charges during implementation. Adjustments and revisions may be made as necessary to ensure effective project execution.

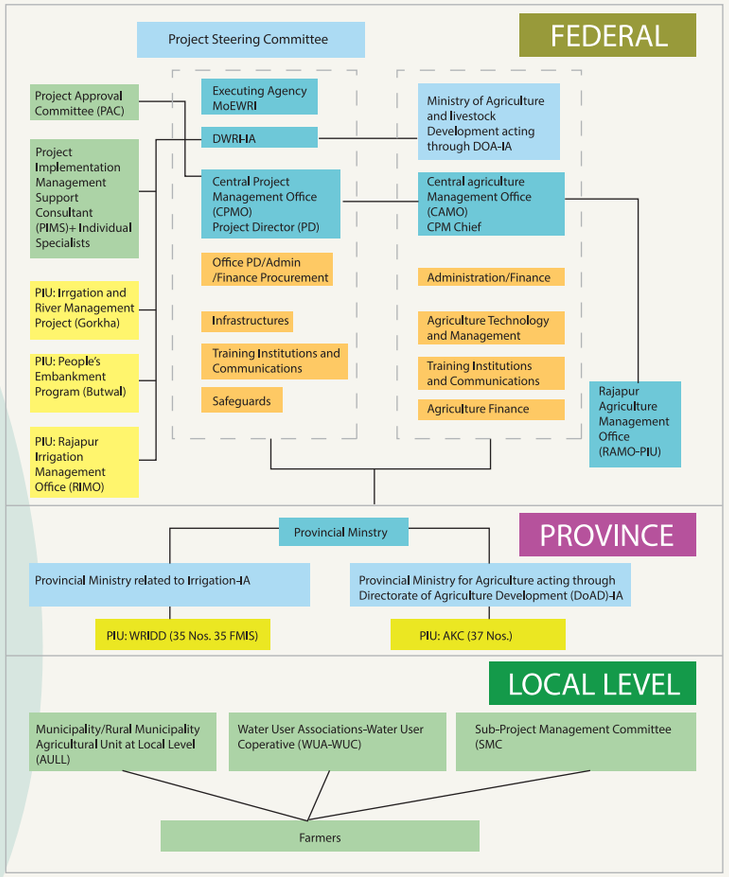
Summary Financing Plan

The project's total financing of $133.64 million will be sourced as follows:

Source	Amount ($ million)	Share of Total (%)
Asian Development Bank (Ordinary capital resources – concessional loan)	85.00	63.60
Saudi Fund for Development (Loan)	30.00	22.45
Government Contribution	16.14	12.08
Beneficiaries' Contribution	2.50	1.88
Total	**133.64**	**100.00**

This financing structure ensures a balanced contribution from international funding agencies, the government, and local beneficiaries to support project implementation.

Detailed Organizational Structure



Irrigation Modernization Enhancement Project (IMEP)

Description of the Project

Government of Nepal
Ministry of Energy, Water Resources and Irrigation
Department of Water Resources and Irrigation
Irrigation Modernization Enhancement Project (IMEP)
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Irrigation Modernization Enhancement Project (IMEP)

Project Description

Irrigation Modernization Enhancement Project (IMEP) aims to enhance productivity, profitability, and climate resilience of irrigation systems across five provinces in Nepal. It seeks to modernize irrigation, integrated crop and water management (ICWM), and institutionalize climate-smart agriculture to benefit approximately 56,000 farming families.

Key activities :

- Modernization of 32,000 hectares of surface water irrigation systems
- Piloting hill lift irrigation to irrigate 1,354 hectares of dry uplands
- Capacity building for farmers and government institutions in ICWM
- Promoting mechanization and commercialization to improve productivity and profitability
- Enabling farmers to become self-sufficient in operation and maintenance of irrigation systems

The project aligns with Nepal's National Water Plan (2002–2027), Agriculture Development Strategy (2015–2035), and National Water Resources Policy (2021), supporting goals of water efficiency, agricultural intensification, and institutional strengthening. It also contributes to Nepal's climate commitments by promoting climate-smart agriculture among smallholder farmers. Aligned with the Asian Development Bank (ADB) strategies, the project aims to reduce rural poverty through:

- Empowering women farmers
- Ensuring water security and climate resilience
- Enhancing food security and reducing poverty

The project's overall impact is to increase national food security, while its expected outcome is improved productivity and sustainability of farms in the project areas.

Brief Summary of Outputs

Output 1 : Irrigation Infrastructure Modernized : Modernizes 100 FMISs (17,452 ha) and Rajapur Irrigation Project (14,500 ha). Constructs/rehabilitates gated intake structures, riverbank protections, and irrigation canals. Pilots 12 hill lift irrigation systems (1,354 ha) using modern water distribution technologies.

Output 2 : Capacity of irrigation and agriculture agencies and farmer organizations Strengthened : Capacity Building for Farmers & Institutions Strengthens ICWM capacity for farmers, government agencies, and local bodies. Develops Water Users' Associations (WUAs) for irrigation management. Establishes Water Users' Cooperatives (WUCs) for agribusiness, financing, and market access. Trains 33% women & 10% disadvantaged groups in sustainable system operation. Develops an ICWM roadmap and training modules for national use.

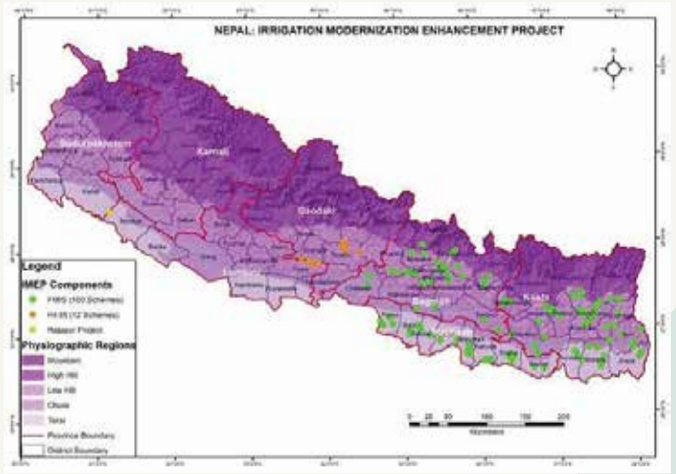
Output 3 : Modern agriculture and value chain facilities introduced : Promotes climate-smart farming, mechanization, and modern technologies. Enhances value chains through crop storage, processing, and market access. Introduces digital advisory services for weather, crop planning, and trade. Supports WUAs/WUCs with machinery, cold storage, and digital information boards. Provides subsidized financing for farm machinery (50%) and facilities (15%).

Project Management Arrangements

The project is managed at federal, provincial, and local levels under Nepal's federal governance system.

1. Federal Level:

The Ministry of Energy, Water Resources, and Irrigation (MOEWRI) serves as the executing agency for the project. The implementation is carried out by the Department of Water Resources and Irrigation (DWRI) and the Department of Agriculture (DOA) under the Ministry of Agriculture and Livestock Development (MOALD). Oversight is provided by the Project Steering Committee (PSC), which is chaired by the Secretary of MOEWRI and includes representatives from the National Planning Commission (NPC), Ministry of Finance (MOF), DWRI, DOA, and provincial ministries. The project operates through two Project Management Units (PMUs): the Central Project Management Office (CPMO) housed in DWRI and the Central Agriculture Management Office (CAMO) located in DOA.



2. Provincial Level:

The Directorate of Agriculture Development (DOAD) under provincial agriculture ministries and the Physical Infrastructure Divisions under provincial irrigation ministries serve as the implementing agencies for the project. At the federal level, four Project Implementation Units (PIUs) are responsible for managing key projects related to irrigation and agriculture, while at the provincial level, 72 PIUs oversee regional implementation. To ensure effective execution at the local level, Subproject Management Committees (SMCs) are established to manage subprojects and facilitate community-level implementation.

3. Responsibilities of Key Offices:

The Central Project Management Office (CPMO) under the Department of Water Resources and Irrigation (DWRI) is responsible for overall project implementation and coordination. It operates through specialized desks for finance, infrastructure, training, communication, and monitoring. Similarly, the Central Agriculture Management Office (CAMO) under the Department of Agriculture (DOA) oversees agriculture-related outputs, with dedicated desks for finance, climate-smart agriculture, training, and agricultural finance. The project ensures accountability at all levels, with federal agencies providing technical support while provincial agencies focus on implementation.

Summary of Grievance Redress Mechanism (GRM)

The GRM is established to address environmental and social safeguard concerns related to the project. It ensures the resolution of grievances arising from non-performance of obligations by involved parties. The mechanism is built on five key principles:

Mechanism:

The GRM operates through a three-tier system:

- **Field Level :** Immediate concerns are handled at the project site within seven days by local staff, including a Site Engineer, Community Organizer, and indigenous representatives. Unresolved issues escalate to the next level.
- **SMC Level :** A Grievance Redress Committee (GRC) at the Subproject Management Committee (SMC) level addresses unresolved grievances within 15 days. The Institutional Development unit manages records and follow-ups.
- **CPMO Level :** The highest-level committee, led by the CPMO Project Director, resolves cases beyond the SMC level within 15 days. The Safeguard Liaison Officer maintains grievance records and reporting.

Complainants can pursue legal action at any stage, independent of the GRM process.