

Policy Analysis of Irrigation Subsidies in Nepal for identifying its accessibility, equitability, and scalability

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OBJETIVE AND RATIONALE

This study analyzes irrigation subsidy policies in Nepal to identify how accessible, equitable, and scalable those are in promoting various energy sources. Enhancing and ensuring fair access to irrigation through subpy policies can have a significant impact on improving agricultural yield and consequently on food security and economic status of small-scale farmers.

Table 1: Provincial Subsidy types

S N	Province	Act/Policy Name	Subsidy type	Subsidy
1	Sudurpaschim Province	Sudurpaschim province agriculture and livestock business promotion rules, 2079	Direct Fixed Cost	85% of total cost of irrigation
			Direct variable cost	50% on importing agricultural infrastructure
			direct variable cost	50% on electricity bill
2		Solar Energy Special Program Operation and Subsidy Mobilization Working procedure, 2080	Direct Fixed Cost	60% of total cost
3	Madhesh Province	Subsidy Mobilization in the agriculture sector (Amendment) Procedure, 2077	Direct Fixed Cost	85% on Boring purchase
4		Shallow tube well/pumpset/motor/well program operation Procedure, 2077	Direct fixed cost	
5	Lumbini Province	Agricultural Subsidy Fund Operation Procedure, 2075		
6	Bagmati Province	Deep Boring Construction and Operation Procedure, 2075	Direct Fixed Cost, Direct Variable Cost	

METHODOLOGICAL FRAMEWORK

The study is based on an extensive document review applying five parameters to analyze relevant policies. This was further complemented with key informants interviews to understand the factors causing any gap, overlap or inconsistency in the policy. The five parameters used for analyzing the inclusion aspect of irrigation policies include: a) target beneficiary selection, b) type of subsidy, c) institutional mechanism, d) technology supported, and e) gender equality and social inclusion aspect considered in the policy. A total of 24 irrigation policies, at both federal and provincial levels were reviewed.

Table 2. Summary findings by 5 parameters

Target Beneficiary defined ?	Type of Subsidy	Institutional mechanism	Technology	Gender equality and Social Inclusion (GESI)
5 policies used criteria for demand-based project selection: Ward office recommendation, project selection and steering committee should prepare the project selection criteria	6 provincial policies provide direct fixed cost and direct variable cost among them; 5 provincial policies provide subsidy on direct fixed cost and 2 provincial policies on direct variable cost	5 policies mention Water Users Association (WUA) as the key institution for making use of water resources ,	3 policies prioritize using technology - shallow tubewell, solar irrigation, deep boring, groundwater irrigation. Objective: to increase the effective and sustainable use of underground, and to serve areas with lack of irrigation on arable land, serve small scale farmers	Only two policies have included gender equality in their policy strategy; specifications to achieve the inclusion related strategy have not been defined
3 policies provided detailed specification of target beneficiary selection; 1 policy most explicitly define target beneficiaries selection criteria defines in 1 policy i.e., Shallow tube well/pumpset/motor/well program operation Procedure, 2077	Direct Fixed Cost provided on construction of shallow tubewell, shallow boring, deep boring, pump house, and solar energy pumping system	Medium scale irrigation managed by irrigation division and small scale by local government		
Priority for poor and backward areas and plan should be suitable from economic, social and technical point of view,	Direct Variable cost provided on custom duty and electricity bill	3 policies mention public-private partnership possibilities for commercially feasible projects		

KEY GAPS

Twenty out of 24 irrigation policies lack working procedures or guidelines to put the policy into practice though the majority aim to increase irrigation accessibility. 11 policies, (3 at the province-level), have included subsidy provisions. Only two provinces have enacted the irrigation act. Three provincial policies prioritize irrigation accessibility through the use of technology (such as Boring, Tube Well and lift irrigation), one prioritizes areas with high potential for commercial agriculture representing scalability, and four include social inclusion aspects. Selection committees of the demand-based irrigation projects that represent the majority of projects play a vital role in addressing equality and inclusion in irrigation.

One federal policy and four provincial policies have included details on target beneficiaries. These provincial policies provide details for the selection criteria aiming at enabling irrigation accessibility to socially disadvantaged groups.

Some key constraints:

- **Information gap:** Guidelines to put the policy into practice missing.
- **Process-driven instead of policy-driven:** Selection committee with given composition are authorized to ensure inclusion without specific criteria to follow
- **High dependence on the WUA and selection does not guarantee inclusive access for target beneficiaries.**
- **Coordination among related sectors to irrigation such as agriculture is lacking.**
- **Challenge of keeping groundwater resource sustainable** – due to over-extraction with subsidy on electrification
- **Unintended target beneficiaries access the subsidies** – due to lack of specification about target beneficiary selection criteria
- **Duplication of resource use** – Federal and provincial policies have provided irrigation policies for project of similar nature

IMPLICATIONS

- Need to create synergies between the three tiers of government in terms of promoting equitable access to year-round irrigation through clean energy and sustainable use of water resources.
- Close the gap between policy and implementation by providing detailed guidelines/regulation for ensuring inclusion.
- Develop clear procedures/guidelines for monitoring of WUA committee.
- Develop a WUA accountability system to ensure inclusion.
- Specify criteria for distribution of resource such as beneficiary target selection criteria,