

Annual Report 2019-20

Odisha Integrated Irrigation Project for Climate Resilient Agriculture (OIIPCRA)

A. Background & Concept of the Project

OIIPCRA aims at converging the activities of three departments of the Government i.e Department of Water Resources (DoWR), Agriculture and Farmers' Empowerment (A&FE) and Fisheries and Animal Resources Development (FARD) Departments for augmenting the capacity and income of the farmers in the project area.

The project will demonstrate climate smart agriculture in irrigation command of about 56,400 hectares of command area under 538 minor irrigation projects and about 70,000 Ha of rain-fed under the influence area of these Minor Irrigation Projects identified in four river basins namely Rushikulya, Budhabalanga, Baitarani & Tel- sub basin.

The estimated cost of the project is US\$ 234.30 million (INR 1,640.10 Cr. approx.). The project will be implemented over a period of six years. World Bank has accepted the project & DEA (Department of Economic Affairs, GOI) has approved the project with cost sharing @ 70:30 by the Centre and State. The Central share will be provided by GoI through IBRD Loan. The Loan agreement has been signed and the project was made effective during December' 2019.

B. Project Profile:

1. Project Area

- 4 (Four) River Basins (Rushikulya, Budhabalanga, Baitarani & Tel-Sub Basin) in 15 Districts of Odisha (Balangir, Balasore, Bargarh, Bhadrak, Boudh, Gajapati, Ganjam, Jajpur, Kalahandi, Kandhamal, Nawarangpur, Mayurbhanj, Keonjhar, Nuapada & Subarnapur)
- Total No. of Blocks : 98 Blocks
- Total MIPs : 538 Nos
- Irrigation Command : 56,293 Ha (Minor Irrigation Projects)
- Rain-fed Command: 70,000 Ha. (approx)

2 Original Project Cost : US \$ 234.30 million (INR 1,640.10 Cr. approx)

3 Centre : State Sharing : 70:30 (Central Share through IBRD Loan)

4 Central Assistance : US \$ 164.00 million (INR 1,148 Cr. approx)

5 Counterpart Funding : US \$ 70.30 million (INR 492.10 Cr approx)

6 Project Period : 6 Years (2019-2025)

7 Project cleared by State Screening Committee on : 09.8.2016

8 Project Approved by DEA on: 23.02.2017

9 Project Accepted by World Bank on: 01.03.2017

10. Financing Approved by World Bank on: 30.09.2019

11. Loan Agreement had been signed and the Project was made effective from 16.12.2019.

Table - 4.4.6
OIIPCRA Project Components: (Amount in US\$ Million)

Sl. No.	Project Components	Project Cost	IBRD Funding	Counterpart Funding
1	Climate-Smart Intensification and Diversification of Production	77.30	54.11	23.19
2	Improving Access to Irrigation and Water Productivity	142.00	99.40	42.60
3	Institutional Capacity Strengthening	5.00	3.50	1.50
4	Project Management	10.00	7.00	3.00
5	Contingent Emergency Response	0.00	0.00	0.00
Total Project Cost		234.30	164.00	70.30

C. Project Development Objective PDO Statement

The Project Development Objective is to intensify and diversify agricultural production, and enhance climate resilience in selected districts of Odisha.

PDO Level Indicators

Proposed PDO level indicators include: (i) increase in productivity of selected agricultural commodities supported by the project (percent); (ii) increase in productivity of water use at tank level (percent); (iii) share of non- paddy products in total production in project areas (percent); (iv) farmers adopting improved agricultural technology (number); and (v) share of target beneficiaries with rating “satisfied” or above on process and impact of project interventions (percent).

D. Project Components

Component 1: Climate-Smart Intensification and Diversification of Production (US\$ 74.5 million)

The objective of this component is to intensify production, strengthen farmers’ capacity to adapt to climate change stresses affecting crop and aquaculture production, and diversify production, especially in Rabi in response to effective market demand.

OIIPCRA pursues a different approach, with support under this component proposed to target farmers both inside and outside the irrigation tanks and command areas. In this case, the tank command areas will be the nuclei from which project supports then expands into adjoining rain fed areas which will be delimited by relevant administrative boundaries (e.g villages or blocks), depending on local context. Under this component, support will be organized around three subcomponents:

Sub-component I.1: Support to Improved Productivity and Climate Resilience (US\$32.1 million)

Support farmer adoption of CSA technologies and practices to increase productivity, improve resilience to climate shocks and reduce GHG emissions, as a co-benefit.

Sub-component 1.2: Support to Aquaculture Production (US\$ 5.6 million)

Support under this subcomponent is opportunistic, taking advantage of the improved water

situation as a result of irrigation modernization and management in the cascades, to support climate-resilient aquaculture in the rehabilitated tanks, as well as other tanks in the cascade.

Sub-component 1.3: Support to Diversification and Produce marketing (US \$36.8 million)

- (i) Support farmers to reduce the current emphasis on food grains (especially paddy and wheat) and increase the share of high-value and more nutritious products (e.g. fruits and vegetables) in their overall production structure; and
- (ii) Improve produce marketing to reduce price risks associated with diversification, increase incomes, and ensure sustained farmer adoption of CSA practices to strengthen resilience to climate change.

Component 2: Improving Access to Irrigation and Water Productivity (US\$ 137.9 million) The project will improve the performance of irrigation throughout the year and across cascades of selected tank irrigation systems through institutional reforms and modernization of hydraulic assets and related capacity strengthening.

The objective is to use water more efficiently, reduce water losses and save water during khariff season, and transfer these savings to Rabi season to support crop diversification and aquaculture. The project will adopt a cascade approach that will consider the management of each tank not in isolation but as part of larger cascade of reservoirs and support towards:

- i. Introducing water sector reforms, including piloting of IWRM at catchment level, support for the preparation of groundwater regulation that would take into consideration the fact that sustainable groundwater use in location specific, establishment of PP support unit in DoWR, and piloting Public-Private Partnerships (PPP) in irrigation management; and
- ii. Investments in selected cascades of irrigation tank systems.

Subcomponent 2.1: Support to Water Sector Reforms (US\$5.9 million)

The project will support the following reforms:

- i. Introduction of IWRM: In one pilot catchment namely, Kharkhari Nala, located in the Rushikulya Basin, the project will support the introduction of IWRM.
- ii. Groundwater regulatory reform: Project will finance a study to assess yield levels and quality of groundwater in Odisha and help the GoO design appropriate regulation to ensure sustainable use of groundwater for irrigation in locations with different hydrogeological conditions, while safeguarding water and soil quality.
- iii. Establishment of a PP Support Unit: The project will support the establishment and strengthening of a unit within the DoWR that will provide comprehensive and targeted support to PPs, including capacity strengthening and extension services.
- iv. Public Private Partnerships (PPP) in Irrigation management: The project will conduct a transaction advisory study into options for PPP in irrigation management to increase the efficiency of water use and improve the quality of irrigation service delivery in these tanks.

Sub-component 2.2: Support to investments in Cascades (US\$132.0 million)

The project will invest in hydraulic infrastructure in selected cascade will be eligible for investment and support, regardless of their size, institutional or management arrangement.

The project will:

- i. Identify the cascades based on technical and social considerations , using the initially identified tanks as an entry point;
- ii. Engage with beneficiaries to identify the priority investments within the identified cascades; and
- iii. Conduct a rapid hydrological assessment to identify investments that contribute to optimizing water use across the cascade and throughout the year.

Component 3: Institutional Capacity Strengthening (US\$ 9.7 Million)

The objective of this component is to improve overall capacity of the GoO for inter departmental planning, coordination and implementation of cross-sectoral programs in the agriculture and resource sectors with the view of strengthening farmer's capacity to adopt to climate change.

In this respect, the project will finance TA to build a secretariat within the office of the Agriculture Production Commissioner (APC) for the purposes of improving planning and convergence, coordination, oversight, monitoring, analytics, policy formulation, and partnerships building.

Component 4: Project Management (US\$ 12.9 million)

Finance activities related to state and district- level project coordination and management, including developing annual work plans and budgets, financial management (FM) and procurement, human resource management, safeguards compliance monitoring, development and implementation of a Management Information System (MIS), monitoring and evaluation (M&E) and impact evaluation (IE) studies, a communication strategy and citizen engagement as well as a Grievance Redress Mechanism (GRM).

Component 5: Contingent Emergency Response (US\$0)

This Zero-cost, contingent emergency response component (CERC) will finance eligible expenditures in case of natural or man-made crisis, disasters, severe economic shocks, or other crisis and emergencies in Odisha. Implementation of this component will follow a detailed Contingent Emergency Response Implementation Plan (CERIP) satisfactory to the World Bank that will be prepared for each eligible crisis.

E Status of Project Implementation:

- Institutional structure and funds flow arrangement are defined.
- Designation of PMU/PIUs staff completed and core staff for the project assigned. The structure and staffing for the OCTDMS (PMU) for OIIPCRA was approved by the Govt. on 31.03.2017 for 33 posts.
- All project manuals like Project Implementation Plan (PIP), Finance manual, Procurement Manual, auditing arrangements are prepared.
- Procurement Manual and procurement plan for the 1" 18 months of project

implementation is prepared and accepted by the World Bank.

- All the fund flow will be done on-line through the state owned IFMS from the State Govt. to the implementing departments/ Executing Agency. The fund flow from the executing agency to the end beneficiaries will be made on-line through DBTL banking system. No cash transaction is proposed except for some petty purchases.
- The project engages an internal Auditor for the concurrent audit & evaluation and a 3rd Party External Audit Agency for the annual auditing.
- External 3rd party Monitoring & Evaluation agency has been engaged for the project.
- The State Project Monitoring Unit (SPMU) is established in 7th Floor, Rajiv Bhawan, Bhubaneswar started functioning from 1st January 2020.
- Detailed Project Reports (DPR) of 155 MI tanks for civil works completed and another 210 tanks will be taken up during 2020-21.
- Tender for civil works was invited in 163 MI tanks. Civil Work of rehabilitation started in 36 MI tanks and tender finalized in another 48 tanks for execution of contracts. The total cost of civil works contract of these 84 tanks is about Rs.121.81 Cr.
- Following 7 Nos. of Consultancies are under scrutiny for engagement during the year 2020-21: (Estimated Cost: 74.00 Cr approx)
 1. External 3rd party Quality Control & Quality Assurance for Civil Works.
 2. Agency for Cascade Planning in Kharakhari micro-basin
 3. Agri-Business Support Organisation (ABSO)
 4. Support Organisation (SO) for Social Mobilization-7 units
 5. Services for carrying out assessment study and preparation of IIAP.
 6. CA firm for Concurrent audit
 7. CA firm for External Audit.
- Expenditure incurred during the year 2019-20:
 1. An amount of Rs. 2.398 Cr has been spent under Component 2 for execution of Civil Works in MI tanks.
 2. An amount of Rs. 3.366 Cr has been spent under Component 1 for Support to Improved Productivity in Agriculture.
- There is a budget provision of Rs. 99.00 Crore for the Year 2020-21 as counterpart funding.
