



Government of Nepal
Ministry of Forests and Environment

Nepal Forests for Prosperity Project

Environmental and Social Management Framework
(ESMF)

March 8, 2020

Executive Summary

1. This Environment and Social Management Framework (ESMF) has been prepared for the Forests for Prosperity (FFP) Project. The Project is implemented by the Ministry of Forest and Environment and funded by the World Bank as part of the Nepal's Forest Investment Plan under the Forest Investment Program. The purpose of the Environmental and Social Management Framework is to provide guidance and procedures for screening and identification of expected environmental and social risks and impacts, developing management and monitoring plans to address the risks and to formulate institutional arrangements for managing these environmental and social risks under the project.

2. The Project Development Objective (PDO) is to improve sustainable forest management¹; increase benefits from forests and contribute to net Greenhouse Gas Emission (GHG) reductions in selected municipalities in provinces 2 and 5 in Nepal. The short-to medium-term outcomes are expected to increase overall forest productivity and the forest sector's contribution to Nepal's economic growth and sustainable development including improved incomes and job creation in rural areas and lead to reduced Greenhouse Gas (GHG) emissions and increased climate resilience. This will directly benefit the communities, including women and disadvantaged groups participating in Community Based Forest Management (CBFM) as well as small and medium sized entrepreneurs (and their employees) involved in forest product harvesting, sale, transport and processing. Indirect benefits are improved forest cover, environmental services and carbon capture and storage

3. The FFP Project will increase the forest area under sustainable, community-based and productive forest management and under private smallholder plantations (mainly in the Terai), resulting in increased production of wood and non-wood forest products. The project will also support investment in forest-based enterprises (FBEs) to utilize these products and generate paid employment by removing regulatory constraints and by providing accessible credit for businesses and entrepreneurs. This will be achieved in the context of Nepal's recent Federal Constitution which requires significant reforms to the functions and capacities of different institutions operating in the forest sector.

4. The PDO indicators are:

- Forest area under CBFM with productive, sustainable forest management plans (ha)
- People in targeted forest and adjacent communities with increased monetary or non-monetary benefits from forests (#)
- Net GHG emissions (tons CO₂ eq.)
- Share of targeted forest-dependent people with rating "Satisfied" or above on project interventions (livelihoods, forest management, other)

5. The project will be implemented in Provinces 2 and 5 which were selected for their sustainable forest management potential and as suitable locations for forest-based SMEs. Within these two provinces a total of 50 municipalities, in clusters, will be selected for project implementation according to agreed criteria including their potential for community-based sustainable forest management, potential for new plantation establishment, location for forest-based enterprises, currently low levels of rural employment and incomes, and willingness and basic capacity to participate in the project. Municipalities with fully staffed finance and administrative sections that are prepared to hire their

¹ SFM is defined by FAO as "managing forests sustainably [for] increasing their benefits, including timber and food, to meet society's needs in a way that conserves and maintains forest ecosystems for the benefit of present and future generations".

own technical (forestry) staff and that have already made some progress with local policy and planning for the forest sector will be preferred. Forest-based enterprises located anywhere within these two provinces can be supported.

6. Approximately 464,800 people or (111,000 households) will benefit from the project as members of the various CBFM groups and as smallholder families that receive will project support of various kinds. In addition, there will be additional beneficiaries from the support bring provided for forest-based enterprises who will benefit from improved availability of jobs and cash incomes and improved working conditions (numbers of these have not been estimated). Of the total number of project beneficiaries, the project's target group includes not only indigenous peoples (IPs) but also, Dalits Madhesis, and other poor and vulnerable households and groups. There is the need to consider the needs and interests of women-headed households, which are common to all of these groups. Several of the project interventions are aimed as directly benefiting these stakeholder groups including land allocation (inside community forest); pro-poor leasehold forest management; public land management In the Terai) and as beneficiaries of forest product distribution from CFM groups to distant users in the southern Terai.

7. The project cost is US\$24 million of which US\$17.9 million will be in the form of soft loan and US\$ 6.1 million will be in the form of grant. The project duration is 5 years.

8. The Project has four components:

Component 1: Policy & capacity building support for new government structures and processes for sustainable forest management **(US\$ 2.90 million)**

Component 2: Community-based sustainable forest management and smallholder forest plantations **(US\$ 10.76 million)**

Component 3: Forest Enterprise Improvement and Development **(US\$ 7.35 million)**

Component 4: Project Governance, Monitoring and Learning **(US\$ 2.99 million)**

9. Under the Dedicated Grant Mechanism (DGM) of the FIP, a further US\$ 4.5 million will be made available directly to IP and local community organizations/ NGOs in the project area after the FFP Project is approved. The DGM is a separate grant for "soft" activities such as capacity building or information exchange that will be managed by these organizations independently, to enable them to participate more fully and effectively in implementation of FFP project activities. The FFPP and DGM are mutually supportive of each other and complementary in projected outcomes. Moreover, this ESMF will be adopted for application in the DGM project also, as none of the sub-projects that would be eligible for support under the DGM are expected to be any riskier or higher impact than what the FFP project.

10. **Enviornmental and Social Risks of the FFP Project.** The key environmental risks come in relation to unsustainable practices and activities such as over-harvesting of trees and setting too-high harvesting quotas for timber and non-timber forest products. Also, the implementation of activities with adverse E&S impacts such as those located in biodiversity hotspot areas and critical habitats could occur, even though the project will not support any activities that take place in legally designated parks or protected areas. Other impacts on the biodiversity would be from selective felling which may reduce the overall resilience of the forests to pests and pathogens, genetic erosions, loss of biodiversity, loss in natural regeneration of Sal and other major species, over harvesting destroying key habitats such as nesting sites, for birds and other small animals. Other environmental risks stem from the significant use of chemical pesticides and production of waste materials associated with

forest-based enterprises. The most prominent social risks relate to the possible exclusion of disadvantaged or otherwise vulnerable groups, such as IPs, Dalits or female-headed households, from receiving benefits from the project, although CBFM groups have an overall good track record of embracing pro-poor governance and benefit sharing. All of these risks are ultimately considered possible but not likely, as there are a number of mitigating factors included in the project design itself, including in the capacity building component and through the safeguard instruments that have been prepared during the design phase. The objective of the ESMF is to provide a framework for effective management of the environmental and social issues and the impacts that are likely to emerge during project implementation. The specific objectives of the ESMF include:

- To review GoN's existing policies, regulations, operational guidelines and institutional arrangements to address and mitigate environmental and social impacts of national roads.
- To set out the principles, rules, guidelines and procedures to assess the environmental and social risks and impacts of the project.
- To assess the compatibility of the core principles of GoN policies with policies of the World Bank, to identify gaps, and to specify measures for addressing the gaps.
- To provide measures and plans to reduce, mitigate and/or offset any adverse risks and impacts.
- To estimate and budget the costs of such measures
- To provide information about the agencies responsible for addressing Project risks and impacts including information about their capacity to manage environmental and social risks and impacts
- To provide adequate information on the area in which project activities (sub-projects in the case of the DGM project) are expected to be implemented including information about potential environmental and social vulnerabilities, potential adverse impacts that may occur and mitigation measures that will be used.
- To provide a basic guideline and set of procedures for the effective management of all the social and environmental aspects of project implementation.

11. The ESMF includes ten Environmental and Social Standards (ESSs), which set out the requirements for borrowers relating to the identification and assessment of environmental and social risks and impacts associated with projects supported by the World Bank through Investment Project Financing. The ten ESSs that establish the standards that the borrower and the project must meet through the project life cycle are:

ESS 1: Assessment and Management of Environmental and Social Risks and Impacts;

ESS 2: Labor and Working Conditions;

ESS 3: Resource Efficiency and Pollution Prevention and Management;

ESS 4: Community Health and Safety;

ESS 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement;

ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources;

ESS 6: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local communities;

ESS 7: Cultural Heritage;

ESS 8: Financial Intermediaries;

ESS 10: Stakeholder Engagement and Information Disclosure.

12. All the ten ESSs are relevant for the project. Table 1 shows the applicability and overview of the relevance of each ESSs for the Project.

Table 1: Applicability of the World Bank Environmental and Social Standards

World Bank ESS	Relevant/Not relevant	Overview of relevance of the ESS
ESS 1: Assessment and Management of Environmental and Social Risks and Impacts	Relevant	Project activities include SFM, private forest plantation, improvement and/or development of forest-based industries as well as capacity building and technical assistance. These have potential to cause environmental and social risks and impacts. The project will place a strong emphasis on providing benefits to a range of vulnerable or otherwise disadvantaged groups not formally classed as IPs such as Dalit and Madhesi communities.
ESS 2: Labor and Working Conditions	Relevant	Labor management and decent working conditions and social inclusion are important issues for workers in the forest sector in a range of activities supported by the project including timber harvesting and utilization and in a range of forest-based enterprise types.
ESS 3: Resource Efficiency and Pollution Prevention and Management	Relevant	The project will provide support for a range of forest-based enterprises some of which may potentially cause pollution to air and water and some of which may involve use of chemicals.
ESS 4: Community Health and Safety	Relevant	Implementation of SFM, private and public land plantations as well as establishment of high-tech nurseries and various forest-based enterprises may have community health and safety implications.
ESS 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Relevant	The project is not expected to involve any involuntary land acquisition or restrictions on land use leading to physical and/or economic displacement of people. However, as a precautionary measure this standard has been considered relevant.
ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant	The project is planned to be implemented in the Terai, Chure and Mid-Hills of Provinces 2 and 5. In all these areas there are potential issues for biodiversity conservation resulting from SFM and forest resource harvesting and utilisation including for wood and NTFPs.
ESS 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Relevant	There are several groups of indigenous peoples (IP) in the project area who will be involved in project activities including Tharu, Magar and Tamang as well as various others.
ESS 8: Cultural Heritage	Relevant	There are some cultural heritage sites in the project area such as Lumbini in Rupandehi and Tilaurakot in Kapilbastu (Province 5) and Dhanusadham in Dhanusa, Gadhimai in Bara (Province 2) although there will be no direct of the project on these areas. However, some forests within the project area may be considered sacred by participating local communities while others may have presence of tangible and intangible cultural heritage.
ESS 9: Financial Intermediaries	Relevant	An Apex Body acting as a “wholesaler” and one or more commercial banks and/or financial institutions acting as

		“retailers” will be used to provide a credit line for establishment or improvement of selected forest-based enterprises and hi-tech forest nurseries in the project area. Any E&S risks and impacts associated with such activities will be addressed by the in-house environmental and social management systems of the above-mentioned financial intermediaries (FIs).
ESS 10: Stakeholder Engagement and Information Disclosure	Relevant	Effective and meaningful engagement and participation of the diverse stakeholder groups identified for the project is critical to its successful implementation and to ensure that mechanisms are in place for information sharing and addressing complaints and grievances.

13. The sections of this document that outline the principles, rules, guidelines and procedures for E&S issues management do not apply to sub-component 3.2 of the FPP project. This is the sub-component that focuses on piloting a viable credit line for forest-based small and medium enterprise (SME) establishment and improvement. As sub-component 3.2 will utilize a series of financial intermediaries (FIs) for the channelling of project funds to forest-based enterprises, as per the requirements of ESS 9, environmental and social risks and impacts associated with the activities of the borrowing FBEs will be addressed by the environmental and social management systems (ESMSs) of the selected FIs themselves.

14. The ESMF includes a gap analysis between the applicable GoN requirements vis-à-vis ESF. The analysis indicated that each World Bank ESS has counterpart country legislations except that some of these legislations are not formally covered in the EIA scope and process. The main gap is that the relevant provisions of these laws are not yet integrated into the EIA process, both in terms of formal regulations or guidelines and in practice. Accordingly, the agencies that are mandated to implement these laws are also not involved in the EIA process, even as providers of oversight during project implementation.

15. In terms of the specific requirements of the ESSs, the few critical gaps include the following:
- I. Although each ESS has a counterpart law, the current Screening protocol under the country EIA system does not examine relevant risks and impacts with respect to these laws (such as health and safety) and hence also does not cover all standards;
 - II. Natural habitats are not specifically required to be assessed in the EIA nor is a Biodiversity Management Plan required even where biodiversity impacts are found to be significant in the EIA;
 - III. In cases of physical and/or economic displacement, a Resettlement Plan (RP) is not required. The eminent domain land acquisition procedure is already fixed by law and it does not afford for the consideration of participatory planning or for flexibility in the provision of compensation to the affected people;
 - IV. Although the government recognizes indigenous peoples and respect for their rights, the current legislation does not require preparation of an IP Plan or the implementation of free, prior and informed consent, where the situation dictates that these should be required; and,
 - V. Partly as a result of non-involvement of the agencies mandated to implement them, occupational health and safety standards and community health and safety are weakly enforced, with impacts and risks to community health and safety often also poorly assessed.

16. These gaps are addressed in this ESMF to meet the requirements of the ESF. The ESMF was prepared in consultation with representatives of all stakeholder groups at Federal, Provincial and Local levels and comprises of 12 Chapters. A separate Stakeholder Engagement Plan (SEP) and an Environmental and Social Commitment Plan (ESCP) have been prepared.
17. Chapter 2 summarizes the environmental and social status of the FFP Project area and provides information about the different characteristics of the different regions in which project activities will take place including the Terai, Chure and Mid-Hills within Provinces 2 and 5. The 50 participating municipalities for the project have not yet been identified and selected; consequently, it is not possible at this stage to provide specific information about the social and environmental status. Chapter 2 also includes a description of the project and its proposed activities within each of the 4 components.
18. Chapter 3 provides an institutional framework for the ESMF, summarizing the policies and legislation (including Nepal's international commitments) for safeguarding environmental and social standards during the implementation of project measures.
19. Chapter 4 analyzes the potential environmental and social impacts of project interventions. In cases where there are potential adverse impacts, mitigations measures are described that will be adopted during project implementation.
20. Chapter 5 describes the processes and procedures for identifying, analyzing and addressing environmental and social risks during the implementation of the project and its activities by project implementing agencies including governments, communities, private organization and individuals. This includes the criteria, processes and tools required for the preparation of Environmental and Social Management Plans (ESMPs) for some project interventions.
21. Chapter 6 describes how gender and social inclusion will be mainstreamed across all project components and activities. It describes and analyses the barriers to effective gender and social inclusion and specifies entry points and activities that the project will support to overcome them.
22. Chapter 7 outlines actions to be taken in the cases where project-supported interventions result in restrictions of access to natural resources for communities or individuals who have traditionally utilized and depended on such resources. There are very few situations where this is likely to occur during project implementation, especially since the project will not be working in legally protected areas or their buffer zones.
23. Chapter 8 describes the project's Grievance Redress Mechanism (GRM). This is the mechanism for addressing complaints raised by all types of project stakeholders regarding the project and its impacts. The GRM consists of a formal and transparent set of procedures via which stakeholder complaints and feedback can be dealt with effectively and fairly.
24. Chapters 9 and 10 describe the institutional arrangements for ESMF implementation, monitoring and reporting processes, to ensure that all the provisions of the ESMF and its various components are being effectively implemented. On the monitoring side, this includes participatory monitoring by implementing agencies such as Local Governments and CBFM groups as well as internal monitoring by the project authorities. Provisions have also made for external, third-party monitoring for critical activities covered under the ESMF.
25. Chapter 11 provides information about the budgets that have been incorporated into the FFP Project in order to implement the necessary actions of the ESMF. It also summarizes those parts of the project budget that are allocated for activities that will specifically contribute towards environmental enhancement and effective social inclusion and that are pro-poor targeted. About 20%

of the total project budget contributes directly to the implementation and monitoring of environmental and social standards or is identified for activities that specifically contribute to those implementation and monitoring actions.

26. An Indigenous Peoples Planning Framework (IPPF) for the project can be found in Annex 1. This sets out how the project will tackle and address issues concerning indigenous peoples during the planning and implementation of project activities. It also establishes the criteria and process involved in preparing Indigenous Peoples Plans.

27. A Resettlement Policy Framework (RPF) for the project can be found in Annex 2. Although the project will not support activities requiring any type of involuntary resettlement, this Framework has been prepared as a precautionary measure in case of any unintended circumstances involving land acquisition or restrictions on land use leading to physical and/or economic displacement. It describes the processes for preparing Resettlement Actions Plans and the types of situations where this would be required.

28. The E&S capacity assessment carried out during the project preparation phase revealed that the three tiers of government covered by the project, and particularly at the MoITFEs in provinces 2 and 5, have limited project implementational experience. Staff lack sufficient technical capacities for supporting project activities. A "functional review" which, among other things, aims to systematically diagnose the Borrower's capacity and track record in terms of managing environment, social and health risks and impacts in view of the ongoing federalization process, has already been initiated, and is expected to be completed by the end of 2020. This review will help to flesh out the current list of capacity building interventions expected to be required.

29. Support will be provided by the technical experts hired by the PMU/PPMUs covering both social and environmental aspects (one at the federal level and two each at the Provincial level). Furthermore, additional E&S expertise (e.g. livelihood expert, biodiversity expert, gender specialists etc.) will be hired as and when required. The existing capacity risk for E&S issues management will to some extent be mitigated through component 1, which will strengthen the capacities at all levels of federal structures and processes in the forestry sector and will constitute activities like reviewing and developing processes for federal and provincial forest policy, strategy and regulations; or training staff of Provincial Forest Directorates, Division Forest Offices and Sub-division Forest Offices in technical aspects of sustainable forest management including its E&S risks. At the Local Government level, capacity building activities will focus on training for elected representatives and sectoral and administrative staff, covering participatory forest sector planning, land-use planning, financial management and safeguards application.

Abbreviations

BISEP-ST	Biodiversity Sector Program for the Siwaliks and Terai
CBFM	Community Based Forest Management
CEDAW	Commission on Elimination of Discrimination Against Women
CF	Community Forest
CFM	Collaborative Forest Management
CFUG	Community Forest User Group
COP	Conference of Parties
DFO	Divisional Forest Officer
DGM	Dedicated Grant Mechanism
IEE	Initial Environmental Examination
EIA	Environmental Impact Assessment
ERP-TAL	Emissions Reduction Program in the Terai Arc Landscape
E&S	Environmental and Social
ES	Environmental Screening
ESCP	Environmental and Social Commitment Plan
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
ESS	Environmental and Social Standard
FBE	Forest-Based Enterprise
FCPF	Forest Carbon Partnership Facility
FECOFUN	Federation of Community Forestry Users, Nepal
FFP	Forests for Prosperity
FI	Financial Intermediary
FIP	Forest Investment Program
FNCCI	Federation of Nepal Chambers of Commerce and Industry
FPIC	Free, Prior and Informed Consent
FSS	Forest Sector Strategy
GDP	Gross Domestic Product
GESI	Gender and Social Inclusion
GHG	Greenhouse Gas
GoN	Government of Nepal
GRM	Grievance Redress Mechanism
HDI	Human Development Index
ILO	International Labor Organization
IP	Indigenous Peoples
IPLC	Indigenous People and Local Communities
IPPF	Indigenous Peoples Planning Framework
IPP	Indigenous Peoples Plan
LFUG	Leasehold Forest User Group
LHF	Leasehold Forest
LMP	Labor Management Plan
MoITFE	Ministry of Industries, Tourism, Forests and Environment
MoF	Ministry of Finance
MoFE	Ministry of Forests and Environment
MoFSC	Ministry of Forests and Soil Conservation
MPI	Multi-Dimensional Poverty Index
NDC	Nationally Determined Contribution
NGO	Non-Governmental Organization
NPC	National Planning Commission
NRM	Natural Resource Management
NTFP	Non-Timber Forest Product
OP	Operational Plan
PA	Protected Area
PAD	Project Appraisal Document

PAP	Project Affected Person
PDO	Project Development Objective
PGMC	Provincial Grievance Management Committee
PLMG	Public Land Management Group
PMU	Project Management Unit
PPMU	Provincial Project Management Unit
RAP	Resettlement Action Plan
REDD	Reducing Emissions from Deforestation & Forest Degradation
REDD IC	REDD Implementation Centre
RPF	Resettlement Policy Framework
SEP	Stakeholder Engagement Plan
SES	Social and Environmental Standard
SESA	Strategic and Environmental Social Assessment
SFM	Sustainable Forest Management
SME	Small and Medium Enterprise
FBE	Forest-Based Enterprise
SWC	Soil and Water Conservation
WB	World Bank

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Chapter 1 Introduction

1.1 Background

30. The Government of Nepal (GoN) submitted an expression of interest to participate in the Forest Investment Program (FIP) of the Climate Investment Fund in 2015. Subsequently, Nepal was selected as a pilot FIP country and GoN received grant of US\$250,000 for development of Nepal's Investment Plan. This Investment Plan (Investing in Forestry for Prosperity at the Time of Transformation) was approved by the FIP Sub-Committee in December 2017. In 2020, GoN began preparation of a forestry project under the FIP called Forestry for Prosperity (FFP).

31. FFP will be a US\$24 million project consisting of a US\$ 17.9 million soft loan and a US\$ 6.1 million grant. Under the Dedicated Grant Mechanism (DGM) of the FIP, a further US\$ 4.5 million will be made available directly to IP and local community organizations/ NGOs in the project area after the FFP Project is approved. The DGM is a separate grant for "soft" activities such as capacity building or information exchange that will be managed by these organizations independently, to enable them to participate more fully and effectively in implementation of FFP project activities. The FFP and DGM are mutually supportive of each other and complementary in projected outcomes. Moreover, this ESMF will be adopted for application in the DGM project also, as none of the sub-projects that would be eligible for support under the DGM are expected to be any riskier or higher impact than what the FFP project.

1.2 Project Description

32. The FFP project is designed to increase the forest area under sustainable, community-based productive management and under private smallholder plantations, resulting in greater supplies of wood and non-wood forest products. At the same time, investment in forest-based small and medium enterprises (SMEs) will be stimulated to utilize these products and generate paid employment by removing regulatory constraints and by providing accessible credit for businesses and entrepreneurs. This will be achieved in the context of Nepal's recent Federal Constitution which requires significant reforms to the functions and capacities of different institutions operating in the forest sector. The project will be implemented in Provinces 2 and 5 and within these in 50 selected municipalities by Local Governments (25 in each participating province).

33. The FFP Project will be implemented in 9 of the 13 districts which come under Nepal's Emission Reductions Program in the Terai Arc Landscape (ERP-TAL) and will therefore contribute towards Nepal's emissions reduction commitments for which payments will be received

34. **Project Objective:** The Project Development Objective (PDO) is to improve sustainable forest management²; increase benefits from forests and contribute to net Greenhouse Gas Emission (GHG) reductions in selected municipalities in provinces 2 and 5 in Nepal.

35. The PDO indicators are:

- Forest area under CBFM with productive, sustainable forest management plans (ha)
- People in targeted forest and adjacent communities with increased monetary or non-monetary benefits from forests (#)
- Net GHG emissions (tons CO₂ eq.)

² SFM is defined by FAO as "managing forests sustainably [for] increasing their benefits, including timber and food, to meet society's needs in a way that conserves and maintains forest ecosystems for the benefit of present and future generations".

- Share of targeted forest-dependent people with rating “Satisfied” or above on project interventions (livelihoods, forest management, other)

36. **Project Components:** The FFP project has four components which are summarized briefly below:

37. **Component 1: Policy & capacity building support for new government structures and processes for sustainable forest management.** This component will support the Government of Nepal and other forest sector institutions to address the challenges arising from Nepal’s recent federalization process and the resulting lack of capacity at local (municipality) and provincial governments for implementing the new constitutional roles and responsibilities. It will also improve the enabling conditions for the establishment and functioning of forest-based enterprises as a source of economic growth and rural employment.

38. **Component 2: Community-based sustainable forest management and smallholder forest plantations.** This component will invest in bringing more forest under CBFM contributing towards Nepal’s Forest Sector Strategy target of having 40 percent of Nepal’s forests under community-based management. The component provides co-financing for interventions 1³ and 2⁴ under Nepal’s Emission Reduction Program (ER-P)⁵ and covers 50 municipalities in 9 of the 13 ERP-TAL districts and in the remainder of the Terai, adjacent Chure and mid-hills in Provinces 2 and 5. The component supports sustainable and productive forest management by CBFM groups to improve forest conditions and output of forest products that can be utilized by small and medium forest-based enterprises to generate rural jobs and incomes as well as meeting local subsistence product needs. Component 2 has two sub-components: *2.1 Sustainable Forest Management through CBFM* and *2.2 Smallholder plantations on public and private land*.

39. **Component 3: Forest Enterprise Improvement and Development.** This component will support the forest product based private sector by improving the enabling conditions and providing access to finance. This component will address the constraints linked to the enabling and regulatory environment for the establishment and operation of small-scale forest-based businesses. It will ensure a favorable policy and regulatory environment for forest-based enterprises as well as ensuring predictable supplies of raw materials. Removing these constraints will increase the demand for financial products offered by participating financial institutions (PFI) and private banks (PB), which for the purposes of the ESF will also serve as Financial Intermediaries (FIs). CBFM groups and farmers will be supported to harvest timber and NTFPs from sustainably managed forests and plantations and to identify markets for the resulting products. The project will prepare and pilot a credit line for forest-based enterprises to provide access to finance for existing and new SMEs. At the same time, existing and potential new entrepreneurs and forest-based enterprise owners will be provided with capacity support to enable them to access the new credit line for establishing and improving their industries. If successful, this component has potential to be scaled up in additional municipalities and provinces. Component 3 has two sub-components: *3.1 Enabling environment for the forest based private sector* and *3.2 Design and piloting of a viable credit line for forest-based SME establishment and improvement*.

40. **Component 4: Project Governance, Monitoring and Learning.** This component will finance the operation of the PMU/PPMUs at Federal and Provincial governments. The role of each PMU is to

³ Improve management practices on existing community and collaborative forests building on traditional and customary practices

⁴ Localize forest governance through transfer of National Forests to Community and Collaborative Forest User Groups

⁵ https://www.forestcarbonpartnership.org/system/files/documents/Nepal%20ERPD%2024May2018final_CLEAN.pdf

support and manage project implementation working closely with the responsible Federal, Provincial and Local Government institutions for (a) project governance and oversight through effective stakeholder engagement; (b) budgeting; (c) annual work planning; (d) contract management; (e) financial management; (f) procurement of goods, works and services; (g) technical assistance (h) environmental and social risks management; and (i) conducting financial, environmental and social monitoring.

1.3 Need for an Environmental and Social Management Framework

41. Projects supported by the Bank through investment project financing are required to meet the Environmental and Social Standards (ESSs) to manage the risks and impacts of the Projects under the World Bank's Environmental and Social Policy. The objectives and principles of this policy include:

- The World Bank is committed to supporting Borrowers in the development and implementation of projects that are environmentally and socially sustainable, and to enhancing the capacity of Borrowers' environmental and social frameworks to assess and manage the environmental and social risks and impacts of projects;
- For this, the World Bank has defined specific Environmental and Social Standards (ESSs), which are designed to avoid, minimize, reduce or mitigate the adverse environmental and social risks and impacts of projects, and
- The WB will assist Borrowers in their application of the ESSs to projects supported through Investment Project Financing in accordance with this Environmental and Social Policy for Investment Project Financing.

42. To carry out this Policy, the World Bank will:

- i. Undertake its own due diligence of proposed projects, proportionate to the nature and potential significance of the environmental and social risks and impacts related to the project
- ii. As and where required, support the Borrower to carry out early and continuing engagement and meaningful consultation with stakeholders, especially affected communities, and in providing project-based grievance mechanisms
- iii. Assist the Borrower in identifying appropriate methods and tools to assess and manage the potential environmental and social risks and impacts of the project
- iv. Agree with the Borrower on the conditions under which the Bank is prepared to provide support to a project, as set out in the Environmental and Social Commitment Plan (ESCP)
- v. Monitor the environmental and social performance of a project in accordance with the ESCP and the ESSs.

43. The ESMF is a tool to be used by the Project for the assessment and management of environmental and social risks and impacts of the project when specific interventions and locations under the project are not identified and their specific impacts are not known during project design and preparation. A framework approach has been adopted whereby said tool has been prepared which specifies rules and procedures to be followed for the various project activities including carrying out Environmental and Social Impact Assessments (ESIA) and preparing adequate Environmental and Social Management Plans (ESMPs). The ESMF has been prepared during the process of FFP Project development through an extensive process of stakeholder consultation as outlined in the Project's Stakeholder Engagement Plan (SEP).

1.4 Rationale and Objectives of the ESMF

44. The ESMF has been prepared to assist in screening, assessment, management of environmental and social risks of the project from an early stage in project planning and to integrate mitigation measures during the design of project activities and their implementation. The ESMF will provide specific guidance on the policies and procedures to be followed for environmental and social assessment along with roles and responsibilities of the various implementing agencies. A systematic methodology has been provided in ESMF that can be followed along with institutional interventions required for project activities to ensure effective integration of the environmental and social safeguards into project implementation.

45. The objective of the ESMF is to provide a framework for effective management of the environmental and social issues and the impacts that are likely to emerge during project implementation. The specific objectives of the ESMF include:

- To review of GoN's existing policies, regulations, operational guidelines and institutional arrangements to address and mitigate environmental and social impacts of national roads.
- To set out the principles, rules, guidelines and procedures to assess the environmental and social risks and impacts of the project.
- To assess the compatibility of the core principles of GoN policies with policies of the donor agencies, identify gaps, and specify measures for addressing the gaps.
- To provide measures and plans to reduce, mitigate and/or offset adverse risks and impacts.
- To estimate and budget the costs of such measures.
- To provide information about the agencies responsible for addressing Project risks and impacts including information about their capacity to manage environmental and social risks and impacts.
- To provide adequate information on the area in which project activities (sub-projects in the case of the DGM project) are expected to be implemented including information about potential environmental and social vulnerabilities; on potential adverse impacts that may occur and mitigation measures that can be used.
- To provide a basic guideline and set of procedures for the effective management of all the social and environmental aspects of project implementation.

1.5 Structure and Contents of the ESMF

46. Chapter 2 summarizes the environmental and social status of the FFP Project area and provides information about the different characteristics of the different regions in which project activities will take place including the Terai, Chure and Mid-Hills within Provinces 2 and 5. The 50 participating municipalities for the project have not yet been identified and selected; consequently, it is not possible at this stage to provide specific information about the social and environmental status. Chapter 2 also includes a description of the project and its proposed activities within each of the 4 components.

47. Chapter 3 provides an institutional framework for the ESMF, summarizing the policies and legislation (including Nepal's international commitments) for safeguarding environmental and social standards during the implementation of project measures.

48. Chapter 4 analyses the potential environmental and social impacts of project interventions. In cases where there are potential adverse impacts, mitigations measures are described that will be adopted during project implementation.

49. Chapter 5 describes the processes and procedures for identifying, analyzing and addressing environmental and social risks during the implementation of the project and its activities by project implementing agencies including governments, communities, private organization and individuals. This includes the criteria, processes and tools required for the preparation of Environmental and Social Management Plans (ESMPs) for some project interventions.

50. Chapter 6 describes how gender and social inclusion will be mainstreamed across all project components and activities. It describes and analyses the barriers to effective gender and social inclusion and specifies entry points and activities that the project will support to overcome them.

51. Chapter 7 outlines actions to be taken in the cases where project-supported interventions result in restrictions of access to natural resources for communities or individuals who have traditionally utilized and depended on such resources. There are very few situations where this is likely to occur during project implementation, especially since the project will not be working in legally protected areas or their buffer zones.

52. Chapter 8 describes the project's Grievance Redress Mechanism (GRM). This is the mechanism for addressing complaints raised by all types of project stakeholders regarding the project and its impacts. The GRM consists of a formal and transparent set of procedures via which stakeholder complaints and feedback can be dealt with effectively and fairly.

53. Chapters 9 and 10 describe the institutional arrangements for ESMF implementation, monitoring and reporting processes, to ensure that all the provisions of the ESMF and its various components are being effectively implemented. On the monitoring side, this includes participatory monitoring by implementing agencies such as Local Governments and CBFM groups as well as internal monitoring by the project authorities. Provisions have also made for external, third-party monitoring for critical activities covered under the ESMF.

54. Chapter 11 provides information about the budgets that have been incorporated into the FFP Project in order to implement the necessary actions of the ESMF. It also summarizes those parts of the project budget that are allocated for activities that will specifically contribute towards environmental enhancement and effective social inclusion and that are pro-poor targeted. About 20% of the total project budget contributes directly to the implementation and monitoring of environmental and social standards or is identified for activities that specifically contribute to those implementation and monitoring actions.

55. An Indigenous Peoples Planning Framework (IPPF) for the project can be found in Annex 1. This sets out how the project will tackle and address issues concerning indigenous peoples during the planning and implementation of project activities. It also establishes the criteria and process involved in preparing Indigenous Peoples Plans.

56. A Resettlement Policy Framework (RPF) for the project can be found in Annex 2. Although the project will not support activities requiring any type of involuntary resettlement, this Framework has been prepared as a precautionary measure in case of any unintended circumstances involving land acquisition or restrictions on land use leading to physical and/or economic displacement. It describes the processes for preparing Resettlement Actions Plans and the types of situations where this would be required.

57. This ESMF applies to all components of the project except for 3.2, which is the sub-component that focuses on piloting a viable credit line for forest-based small and medium enterprise (SME) establishment and improvement. As this sub-component will utilize a series of financial intermediaries (FIs) for the channelling of project funds to forest-based enterprises, environmental

and social risks and impacts associated with the activities of the borrowing FBEs will be addressed by the environmental and social management systems (ESMSs) of the selected FIs themselves. More information on the relevant arrangements here is provided in section 5.1.4 of Chapter 5.

1.6 ESMF Development Process

58. The ESMF was developed in three stages. First, during the project design phase, the core project design team including Environmental and Social Safeguard specialists discussed with different stakeholders at different levels about the potential associated environmental and social impacts of the proposed project activities in a general sense (as specific activities were not finalized at that stage). After finalizing the Project activities, the second stage, was to conduct Environmental and Social Assessment (ESA) to identify and assess the possible environmental and social impacts of these proposed activities, both positive and negative. This was followed by discussions and critical analysis on how likely negative impacts could be mitigated during the implementation of the proposed activities. The ESMF was then finalized incorporating all the comments and feedback received from participants of different stakeholder consultation workshops, focus group discussions key informant interviews and one to one interview as well as inputs and suggestions from Project reviewers from the WB and REDD IC and Ministry of Forest and Environment (MoFE). The methods used in developing the ESMF are briefly discussed in the following sections.

1.6.1 Desk Review

59. Desk review and critical analysis of various national and international legal and policy instruments as well as other relevant documents and research papers was major part of the ESMF development process. The documents reviewed during the process included but were not limited to:

- Constitution of Nepal (2015)
- National Forest Policy, (2019)
- National Climate Change Policy, (2019)
- National Environment Policy, (2019)
- National Agroforestry Policy, (2019)
- Land Use Policy (2019)
- National Employment Policy (2015)
- Land Acquisition, Rehabilitation and Resettlement Policy 2015
- Forestry Sector Strategy, (2016)
- National REDD+ Strategy, (2018)
- Forest Act, (2019)
- Environment Protection Act, (2019)
- Land Use Act, (2019)
- Local Government Operation Act (2017)
- Indigenous Nationalities Commission Act (2017)
- National Foundation for Upliftment/Development of Indigenous Nationalities Act (2002)
- Soil and Watershed Conservation Act (1982)
- Land Reform Act (1964).
- 15th Plan approach paper
- ESMF for Nepal's Emission Reduction Program, (2019)
- Emission Reduction Program Document, (2018)
- Forest Investment Plan for Nepal
- Gender integration action plan in REDD+ and the ERP-TAL (2017)

- Land and natural resources tenure assessment for the proposed ERP-TAL (2016)
- World Bank Environmental and Social Framework, (2017)
- Guidelines on stakeholder engagement in REDD+ readiness prepared by the FCPF and the UN-REDD (2012)
- Cancun safeguard principles of the UNFCCC (2010)
- The United Nations Declaration on the Rights of Indigenous Peoples (2007)
- Convention on the Biological Diversity (1993)
- International Labor Organization (ILO) Convention (1989)
- Joint FCPF/UN-REDD program guidance note for establishing and strengthening grievance redress mechanisms, and disclosure of information

1.6.2 Stakeholder Consultations

60. Consultations with various stakeholders were organized at different levels for development of the ESMF. During the project design phase, a number of consultations including general meetings (19); interaction workshops (2); one-to-one interviews (28); focus group discussions (36) and key informant interviews (35) were conducted at the Local, Provincial and Federal levels. Three validation workshops (2 at Province level and 1 at Federal level) were also organized. A Provincial level consultation workshop was organized in Provinces 2 and 5 to share and discuss the draft ESMF report with stakeholders in those Provinces. During these workshops, proposed project activities were discussed and their potential environmental and social impacts were identified as well as mitigation measures for any negative impacts. Details of the consultation workshops, focus group discussions and key informant interviews are given the Project's SEP. A validation workshop was also organized with key stakeholders to validate the design of a project where constructive discussions were held. Comments and recommendations from this workshop have been considered during the finalization of the project design.

61. Consultations on a draft version of this ESMF were organised with stakeholders in provinces 2 and 5 on the 12th and 14th of February 2020, respectively, to solicit comments and recommendations. Key concerns raised during the consultations were weak capacity of local bodies, lack of enabling policy enterprises, poor access to forest resources for disadvantaged groups (women, poor and Dalits, etc.), lack of linkages of forest management with the traditional knowledge and skills of indigenous peoples, lack of voice and agency of women in decision making in the forest management sector and limited access to finance for women.

62. The stakeholder consultations during FFP Project preparation followed on from an extensive series of stakeholder consultations that took place previously during the preparation of the ERP-TAL and its ESMF and during the development of Nepal's Forest Investment Plan in 2017. Concerns raised by stakeholders during these previous consultations were also taken account and used for developing this ESMF.

63. In addition to this ESMF, a stand-alone SEP has also been developed. The SEP is a living document and will be updated and redisclosed, as needed, in response to changes in the project's stakeholder engagement strategy. The project's ESCP, which describes the Borrower's agreements and obligations under the ESMF, is also available. The ESCP will be a legally binding agreement between GoN and WB to ensure that the provisions of the ESMF are fully implemented during the project implementation period.

Chapter 2 Environmental and Social Description of the Project Area

2.1 National Context

2.1.1 Socio-Economic Status of Nepal

64. **Population:** According to the 2016 update of the 2011 census, Nepal's population is 28.33 million; an increase from 26,494,504 on the 2011 census. The average annual population growth rate during the period 2012-2016 was 1.14 percent (CBS: 2016). Population density is 192 persons per km². The sex ratio is 94.6 males per 100 females, meaning that 48.5 percent of Nepal's population are male and 51.8 percent are female. The Census data of 2011 shows that the female-headed households have increased by 11 percentage points from 14.87 percent in 2001 to 25.73 % in 2011.

65. **Caste/Ethnicity:** There are 125 caste/ethnic groups reported in the 2011 census. Chhetri is the largest caste/ethnic group having 16.6 percent of the total population followed by Hill-Brahmin 12.2 percent. Indigenous and ethnic minority people constitute in aggregate 35.8 percent of the population including Magar (7.1 percent); Tharu (6.6 percent); Tamang (5.8 percent) and Newar (5 percent). Among the Dalit caste groups; Kamis are the largest group with 4.8 percent of the population. Muslims constitute (4.4 percent) of the total population.

66. **Languages:** There were 123 languages reported as spoken as mother tongue in the 2011 census. Nepali is spoken as mother tongue by 44.6 percent of the total population followed by Maithili 11.7 percent; Bhojpuri by 6.0 percent; Tharu by 5.8 percent and Tamang by 5.1 percent.

67. **Religion:** Of the ten categories or religion reported in the 2011 census, Hinduism is followed by 81.3 percent; Buddhism 9.0 percent; Islam by 4.4 percent and others by 5.3 percent of the population.

68. **Poverty.** The Gross Domestic Product (GDP) of Nepal is USD 20.88 billion and GDP per capita is USD 2,313 (NLSS-2011). The average annual economic growth rate from 2012-2016 was 1.40 percent. The Gini Coefficient which measures income inequality was 32.8 in 2014 (ADB, 2017: Basic Statistics).

69. **Multi-dimensional Poverty Index (MPI).** For the first time, the MPI has been disaggregated by the recently formed seven provinces of Nepal in 2014. This shows that Provinces 6 and 2 have the highest rate of multidimensional poverty with every second person being multi-dimensionally poor (50 percent), followed by Provinces 5 and 7 (where approximately 30 percent are poor) (MPI: NPC/GoN, 2014).

70. **The Gender Development Index (GDI)** for Nepal in 2011 is 0.534. It is higher in the Hills (0.515) compared with the Terai (0.458). Gender disparities in health, education and income remain major challenges across Nepal. Nationally, women's income is 57 percent lower than the average for men whereas 80.1 percent of women are economically active.

2.1.2 Project Location

71. The project will mainly be implemented in clusters of municipalities in Provinces 2 and 5 (Figure 1) but with additional activities, particularly support for forest-based enterprises and development and support for the enabling environment, taking place more widely across these Provinces. Since the 50 participating municipalities for the project (out of the total of 245 municipalities in Provinces 2 and 5 combined) have not yet been selected, further information about

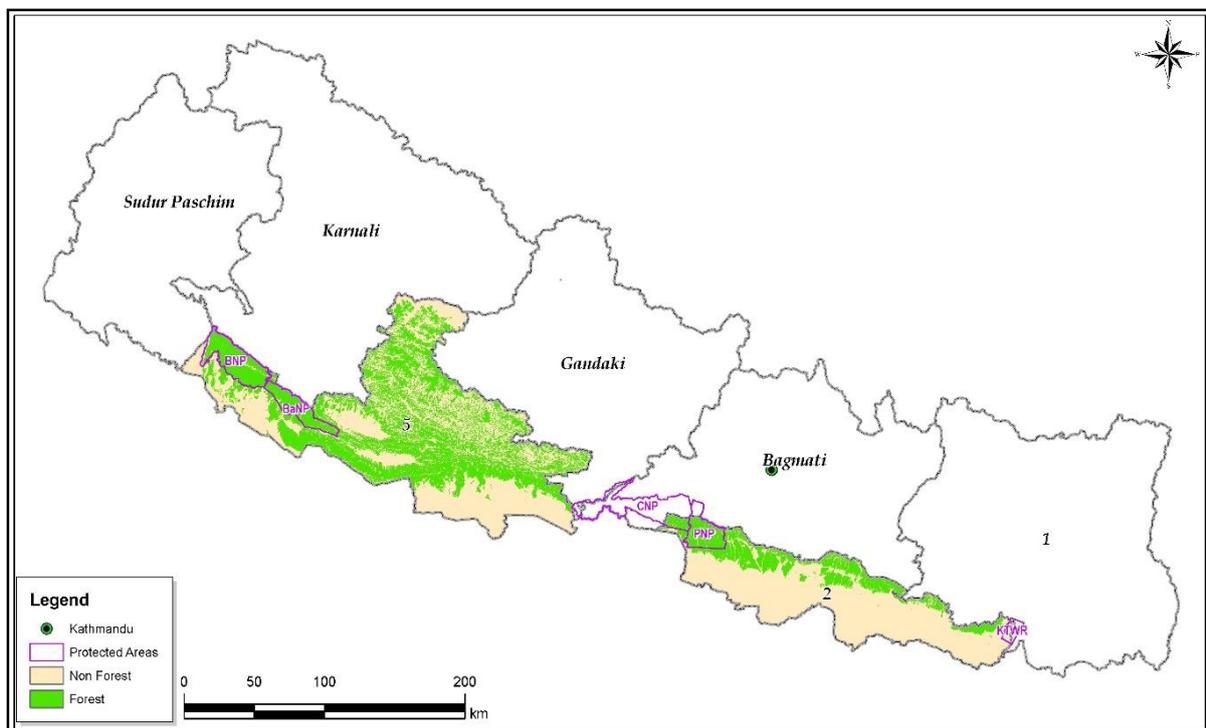
the environmental and social status of the specific project locations will be assessed before and during implementation of discrete activities, as required by this ESMF.

72. The proposed Project area of Provinces 2 and 5 covers four physiographic regions: Terai, Chure (Siwalik) and Mid-Hills and has considerable socio-economic and environmental diversity.

2.2 Existing Socio-Economic Conditions of Provinces 2 and 5

73. **Gross Domestic Product (GDP):** Province 2 has a share of 12.8 percent of Nepal’s GDP and Province 5 has a 13.1 percent share. Overall growth rate at purchase price is 6.7 percent for Province 2 and 7.5 percent for Province 5 compared with the national average of 7.1 percent. The agriculture and forestry sectors (combined) have a 19 percent share of GDP in Province 2 and 16 percent share Province 5 (CBS: 2018).

Figure 1: Nepal showing Provinces 2 & 5, Extent of Forest Cover and Protected Areas



74. Table 2 shows the population of Provinces 2 and 5 disaggregated by ethnicity. In the project area (Provinces 2 & 5 combined) Indigenous people (Janajati) comprise 23 percent of the population and Dalits a further 17 percent. Janajati includes Tharu, Magar, Jhangad and Tamang plus other communities and comprises a higher proportion (34 percent) in Province 5 compared with Province 2 (14 percent). Dalit sub-castes comprise 18 percent in Province 2 compared with 15 percent in Province 5. The largest group in the Terai parts of both provinces is Madheshi (Terai other caste) representing 32 percent of the total population in the project area. Muslims form a significant minority in both Provinces – mainly in the southern Terai. It is not possible to quantify site-specific vulnerabilities or forest dependency at this stage, but the baseline survey will be conducted to gather such information from the municipalities participating in the project once these have been selected.

75. According to Human Development Report (2014), the Human Development Index (HDI) of Province 2 is 0.421, which is second lowest among all the provinces in Nepal. The HDI of Province 5 is 0.468 which is slightly lower than the national average value of 0.490.

Table 2: Ethnic and Caste Groups in the Provinces 2 and 5

Category	Province 2		Province 5		Total (for project area)	
	Population	%	Population	%	Population	%
Chhetri	162,124	3	762,471	17	924,596	9
Bahun	216,165	4	583,066	13	799,232	8
Hill Janajati (excl. Newar)	270,207	5	807,323	18	1,077,530	11
Newar ⁶	27,020	0.5	44,851	1	71,872	1
Terai Janajati	486,373	9	717,620	16	1,203,993	12
Terai other caste ⁷	2,593,989	48	583,066	13	3,177,056	32
Hill Dalit ⁸	27,020	0.5	448,512	10	475,533	5
Terai Dalit ⁹	972,746	18	224,256	5	1,197,002	12
Muslim	648,497	12	313,958	7	962,456	10
Total	5,404,145	100	4,485,128	100	9,889,273	100

Source: Nepal Census 2011

76. There are indigenous peoples, including Tharu and Magar, in almost all parts of Provinces 2 and 5. These provinces are also home to several other disadvantaged or vulnerable groups including Dalits, Madhesis, ethnic minorities, religious minorities and other forest-dependent poor people. Specific details of the social profiles of the 50 participating municipalities for the project cannot be provided until they have been selected. Primary socio-economic indicators for Provinces 2 and 5 are shown in Table 3. This shows that while Province 5 lies at or only slightly below the national average for many indicators, Province 2 is significantly lower for almost all indicators, particularly for human development and multi-dimensional poverty.

Table 3: Socio-economic Indicators for Provinces 2 and 5

Indicator ¹⁰	Province 2	Province 5	Nepal
Population (million)	5.404 (20.4 %)	4.485 (17.0 %)	26.49 (100.0 %)
Population density (persons/km ²)	609	252	180
Gender ratio	101.2	90.7	94.2
Human Development Index (HDI)	0.421	0.468	0.490
Literacy rate (percent)	40.9	59.4	59.6
Multi-dimensional poverty rate	47.9	29.9	28.6
Average age on living birth (year)	70.4	67.6	68.8
Population per Health Post	7,195	7,827	6,607
Population per School	1,402	778	744

⁶ Newar are classed as Janajati but are usually considered separately because they are not a vulnerable group

⁷ Madheshi

⁸ Including Biswakarma, Damai, Kami - Dalit sub-castes

⁹ Including Musar, Bantar, Chamar & Dom – Dalit sub-castes

¹⁰ Nepal Economic Survey 2017-18, Ministry of Finance, Government of Nepal.

Population per bank branch	18,360	7,741	8,059
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2.2.1 Project Beneficiaries

77. The total number of project beneficiaries is estimated in Table 4 and Table 5. Since the locations of participating municipalities, and within these, the names of the actual CBFM groups that will be supported through the project have not yet been identified this is an approximation only based on mean numbers of households per group of different kinds and average household size.

Table 4: Numbers of CBFM Groups Participating in the Project

	Province 2	Province 5	Total
Municipalities in project (No.)	25	25	50
New CFUGs formed (No.)	25	45	70
New CFM groups formed (No.)	1	1	2
New LHF groups formed (No.)	2	25	27
CFUGs with revised OPs (No.)	140	450	590
CFM groups with revised OPs (No.)	4	3	7
LHF groups with revised OPs (No.)	10	50	60
H/Hs with land allocation (inside CFUG)	200	400	600
PLMGs formed (No.)	175	50	225
No. of farmers supported for plantation establishment	10,000	3,500	13,500

78. Table 5 shows that approximately 513,000 people (or 111,000 households) are members of the CBFM groups that will receive project support plus individual households receiving direct support for private plantations under FFP Component 2. Numbers of beneficiaries from Component 3 (investment and support from forest-based enterprises) have not been estimated since the types of enterprises and the numbers of jobs that will be created are not known at this stage. Also, it is likely that some of the same household members of CBFM groups will also benefit from the forest-based enterprises receiving project support. These figures will be confirmed by the Baseline Survey.

Table 5: Approximate numbers of Project Beneficiaries

Type of group	Mean No. hh per group	Mean hh size ¹¹	No. Groups participating (Province 2)	No. Groups participating (Province 5)	Population benefiting (Province 2)	Population benefiting (Province 5)	Total beneficiaries
CF	100	4.6	165	495	75,900	227,700	303,600
LHF	10	4.6	12	75	1,656	10,350	12,006
PLMG	15	4.6	175	50	16,100	4,600	20,700
CFM	2,500	4.6	5	5	57,500	57,500	115,000
Smallholder (private planting)		4.6			46,000	16,100	62,100

¹¹ Annual Household Survey 2015/16, Central Bureau of Statistics, Government of Nepal

TOTAL					197,156	316,250	513,406
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79. Within the total number of project beneficiaries listed in Table 5, IPs on one hand and Dalits, Madhesis, and ethnic and religious minorities on the other stand out as important stakeholder groups. As disadvantaged or vulnerable individuals and groups, all of these groups are among the FFP project's primary target beneficiaries, although the project could need to engage them in different ways.

80. The FFP Project Concept Note had identified Dalits, IPs and the poor as target groups but women were not specifically mentioned either as a target group or as primary stakeholders. However, field-based consultations and a review of earlier gender assessment of FCPF and REDD+ Strategy revealed this gap in identification, which was further substantiated by FFP GESI assessment and field consultations. It highlighted the significant role of women in forest conservation, management and leadership especially in community forestry and other community-based forest management (CBFM) models like Leasehold Forest (LHF); Collaborative Forest Management (CFM); Public Land Management Groups (PLMGs). The need for informed and meaningful engagement of women and equal access to benefits and resources from forest management and project interventions was recognized, hence women across all categories have been included as a primary target group and as key stakeholders during project design and implementation.

81. Key project beneficiaries therefore include members of CBFM groups especially women, Dalits and IPs who will benefit from improved forest management activities that will create increased supplies of forest products such as fuelwood, timber, fodder, medicinal plants, and other NTFPs and from associated employment and income earning opportunities. Special provision will be made by CBFM groups to support the poorest households through land allocation inside community forests for fodder and NTFP production and in the Terai, through the establishment of PLMGs consisting of women-headed, landless and other disadvantaged households. (Component 2.2). New pro-poor leasehold forest groups will also be established specifically targeting poorer households. A special focus will be on capacity development to enhance group governance to ensure that equitable benefit-sharing for identified poor and disadvantaged households is included in group constitutions and operational plans. Collaborative Forest Management Groups will continue to provide subsidized or free forest products from their depots to meet the needs of distant users in the southern Terai.

82. Support for plantation establishment (mainly in the Terai) will benefit smaller landowners especially where the land title is held jointly by both male/female household members. Beneficiaries will be selected considering socio-economic status with emphasis on smaller farmers and landowners. Provisions will also be made for landless, women-headed and poor households in the Terai through the establishment of PLMGs.

83. Investments in forest-based enterprises and skills development will benefit those seeking skilled and better paid jobs in rural areas, and provisions will be made for safer working environments through upgrading of existing enterprises and technologies. Job creation under component 3 will emphasize the need to create equal opportunities for IPs on one hand and Dalits, Madhesis and ethnic and religious minorities on the other. CBFM group members will benefit from forest management training (including improved SFM and harvesting practices) as well as technical and financial support to invest in sustainable value chain and enterprise development. In the context of federalization, the project will also increase the technical capacities and awareness of new roles and responsibilities of forestry staff at all levels of government especially for elected representatives and staff of local governments and including those staff involved in planning, financial management and standards implementation.

2.3 Existing Environmental Conditions of Provinces 2 and 5

2.3.1 Province 2 Location

84. Province 2 is located in the eastern part of the Terai physiographic region and also covers the Chure physiographic region in the north of all 8 districts. The proportion of each district that lies in the Chure is shown in Table 9. Province 2 is Nepal's smallest province with an area of 886,771 ha and has the lowest percentage of forest cover of all 7 Provinces of Nepal (22.8%). It includes the districts of Bara, Dhanusa, Mahottari, Parsa, Rautahat, Saptari, Sarlahi and Siraha. There are 136 Local Governments consisting of 59 Rural Municipalities, 73 Municipalities, 3 Sub-Metropolitan Cities and 1 Metropolitan city (Janakpur). Province 2 includes parts of Chitwan National Park, and Koshi Tappu Wildlife Reserve and the whole of Parsa National Park.

2.3.2 Physical Environment of the Terai

85. The Terai physiographic region of Nepal occupies 2,016,998 ha of the total land area of the country. It consists of gently sloping recent and post- Pleistocene alluvial deposits which form a piedmont plain south of the Himalaya. It is bordered by the Indian Gangetic plain in the south and the Chure physiographic region to the north. It extends from 80° 4' 30" to 88° 10' 19" east longitude; and from 26°21' 53" to 29° 7' 43" north latitude. Its elevation varies from 63 m to 330 m above mean sea level and it slopes gently at rates of 2-10 m per km.

86. The Terai is divided into three sub-zones: the Bhabar, the Terai and the Southern Terai (Jackson, 1994). The Bhabar is a narrow stretch of recent alluvial and colluvial fan deposits at the foot of the Chure Hills. It consists of thick deposits of gravel, pebbles and boulders, mixed with sand and silt. The alluvial and colluvial fans in the Bhabar coalesce into piedmont slopes and merge with the main Terai to the south, which is formed by sediments deposited by braided rivers. The Terai is the area where the water which has drained into the gravels of the Bhabar reappears again at the surface whereas the Southern Terai is an extension of the Gangetic Plains.

Soils in Terai

87. Most soils in the Terai are alluvial deposits. Alluvium is unconsolidated material deposited by rivers. The nature of the alluvium depends on the parent materials from which it has been derived, and so it may vary in texture from sand to clay. The soils in the Bhabar, in contrast, generally consist of coarse sand, gravels and boulders. Terai soils can be classified as i) Calcaric Fluvisol, ii) Gleysols and iii) Phaeozems. Calcaric Fluvisol is found near rivers and Gleysols in areas where there is permanent and temporary wetness near the surface. Phaeozems have a thick, dark topsoil rich in organic matter, and show evidence of the removal of carbonates. They are loamy textured, dark brown, calcarious and drought-prone soils.

Drainage in the Terai

88. The Terai is drained by numerous rivers and streams. Major rivers draining Province 2 include: Koshi, Kamala, Bagmati, Ratu and Bakaiya. As the rivers cross the hills and the Chure Region, they start depositing huge sediments along their banks in the Terai. The deposition process creates multiple, shifting river channels. Every year during monsoon season, many rivers become swollen up causing flash floods in the Terai Region due to their shallow beds. One of the biggest concerns is the tendency of both minor and major rivers to change their courses due to flooding events. Heavy monsoon rains cause flooding and landslides in several municipalities in Province 2. Areas of most concern as a result of flooding lie in Sarlahi, Mahottari and Rautahat districts.

Climate in the Terai

89. The Terai is located in a sub-tropical climatic zone characterized by hot and humid summers, intense monsoon rain, and dry winters. The maximum monthly mean temperature, 35-40 °C falls in April/May and the minimum, 14-16 °C, in January. The total annual rainfall decreases from 2,680 mm to 1,138 mm from east to west, and the mean monthly precipitation ranges from 8 mm in November to 535 mm in July. While 80% of the total rainfall occurs in the monsoon season (June-September), some rainfall also occurs during the pre-monsoon (March-May) and the post-monsoon (October-November) seasons and a few showers may also occur during the winter (December-February). Total annual precipitation over the last 30 years has increased by an average of 4 mm/year in the Terai; while it has increased in the East and Central regions, it has decreased elsewhere. The mean annual temperature is increasing across the Terai at the rate of 0.029°C/year in the Far-West and 0.049°C/year in the East and Mid-West. All four seasons are also becoming warmer.

2.3.3 Physical Environment of the Chure

Geology/topography

90. The Chure, also known as the Siwalik, is the youngest mountain range in the Himalayas. Just north of the Terai, it runs the entire length of southern Nepal, from east to west, skirting the southern flanks of the Himalayas. The geology of the Chure is tectonic in origin and its rocks comprise north-dipping, semi-consolidated, interbedded tertiary sandstone, siltstone, shale and conglomerate. While different studies have delineated the Chure region differently, this study considers it to extend from 80° 9' 25" to 88° 11' 16" longitudes and from 26° 37' 47" to 29° 10' 27" latitudes based on LRMP (Figure 1). It is bounded to the north by the Main Boundary Thrust, which separates it from the older bedrock of the Mid-hills and to the south by the Main Frontal Thrust which separates it from the alluvium of the Terai. Interior 'Dun valleys' form a conspicuous part of the Chure landscape

Soils in the Chure

91. The Chure hills are geologically young. Their soils originated from soft rocks. The lower Chure is largely composed of very fine-grained sediments such as variegated mudstone, siltstone and shale with smaller amounts of fine-grained sandstone. The middle Chure has thick beds of multi-storied sandstones alternating with subordinate beds of mudstone. The upper Chure is characterized by very coarse sediments such as loose boulder conglomerates.

92. Soils of the Chure are associated with land system 4-active and recent alluvial plains; land system 5-fans, aprons and ancient river terraces; land system 6-depositional basins (Dun valleys); land system 7-moderately to steeply sloping terrains; and land system 8-steeply to very steeply sloping hilly terrain. Soils commonly found in the Chure region include cambisols (eutric and dystric), fluvisols, gleysols, phaezomes, regosols and luvisols.

Climate in the Chure

93. The climate of the Chure ranges from sub-tropical to warm temperate and is characterized by hot and sub-humid summers, intense monsoon rain, and cold dry winters. The average annual minimum temperature ranges from 12°C to 19°C; with the average annual maximum temperature ranging from 22°C to 30°C in this region. The precipitation pattern in the Chure is variable, with the highest annual rainfall in the Eastern and Central regions of the country. The total annual rainfall varies from a minimum of 1,138 mm to the maximum of 2,671 mm

2.3.4 Province 2 Status of Forests and Environment

94. The forest area of Province 2 is about 263,630 ha, which is the lowest among the 7 Provinces of Nepal. Figure 2 shows a forest cover map for Province 2. Distribution of forests in different districts is shown in Table 6. Forest under different management regimes in Province 2 is shown in Table 7. Forest area and forest cover change in the Terai parts of the 8 districts of Province 2 is shown in Table

8 and Forest area forest cover change in the Chure region of the 8 districts of Province 2 is shown in Table 9. The forest area of each of the 136 Municipalities of Province 2 is shown in Table 10.

Table 6: Distribution of forests in districts of Province 2

District	Forest ('000 ha)	Forest (%)	Other land ('000 ha)	Other land (%)
Parsa	76.23	54.19	64.45	45.81
Bara	46.63	36.64	80.64	63.36
Rautahat	26.29	25.32	77.53	74.68
Sarlahi	25.77	20.40	100.55	79.60
Mahottari	22.24	22.23	77.81	77.77
Dhanusha	27.15	22.84	91.70	77.16
Siraha	18.19	15.97	95.70	84.03
Saptari	21.14	16.50	106.95	83.50
Total	263.63	27.49	695.34	72.51

Source: Province 2 MoITFE

Figure 2: Province 2 Forest Cover

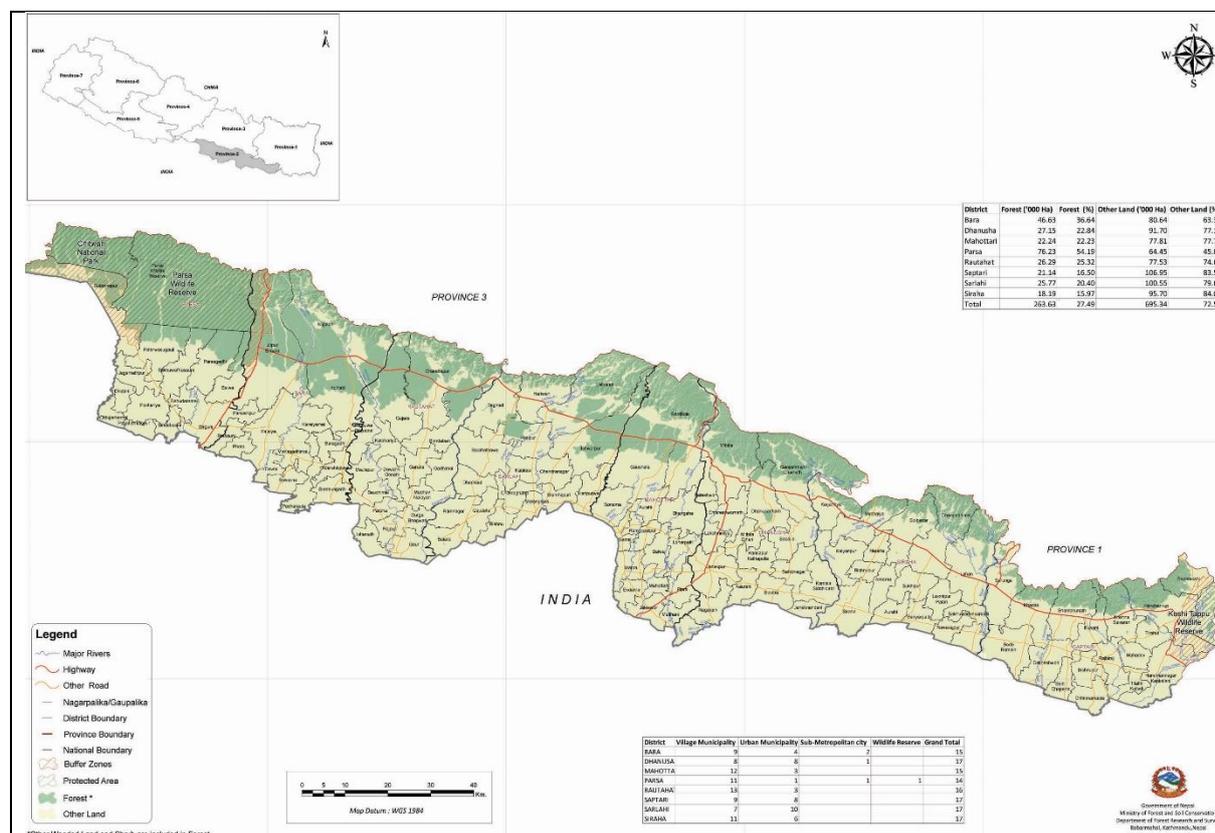


Table 7: Forest under different management regimes in Province 2

Management Model	Number	Area (Ha)	Remarks
Community Forest	480	80,014	
Collaborative Forest	16	43,123	
Leasehold Forests	49	237	
Religious Forest	10	64	
Protected Forest	1	360	Dhanushadham

Protected Area	1	8,8544	Parsa and Koshi Tappu WR
Sagarnath FDP	1	13,114	
Government Managed Forest	8 districts	60,304	
Block Forest	1	1,050	Dhansar BF, Rautahat

Source: Province 2 MoITFE

Table 8: Forest area and forest cover change in the Terai of 8 districts of Province 2

District	Forest Area ('000' ha)			Rate of Change % per year		
	LRMP, 1984	DoF, 1991	DoF, 2001	FRA 2010-11	1991-2001	2001-2010-11
Bara	32.9	32.6	32.2	30.8	-0.29	-0.49
Danusha	0.2	0.3	0.5	0.3	-0.76	-5.7
Mahottari	10.8	9.5	10	9.4	-0.04	-0.61
Parsa	24.5	25.5	25.9	24.6	-0.19	-0.6
Rautahat	22	20.2	20.3	18.6	-0.43	-0.96
Saptari	2.4	2.7	2.1	2	-1.39	-0.12
Sarlahi	15.1	13.3	13.9	11.5	-0.74	-2.07
Siraha	0.4	2	1.7	2.1	0.39	2.57

Source: FRA/DFRS (2014). Terai Forests of Nepal (2010 – 2012)

Table 9: Forest area and forest cover change in the Chure region of 8 districts of Province 2

District	Forest area (ha) 1995*	Forest area (ha) 2010**	Change in Area (ha)	Annual Rate of Change (%)	Land proportion of district within Chure (%)
Saptari	18,372	18,327	-45	-0.02	18.44
Siraha	16,978	15,793	-1185	-0.48	18.49
Bara	15,580	15,177	-403	-0.17	16.13
Dhanusha	28,018	26,685	-1333	-0.32	28.67
Mahottari	12,865	12,772	-94	-0.05	16.28
Parsa	51,779	51,282	-497	-0.06	40.74
Rautahat	8,719	7,234	-1485	-1.24	9.61
Sarlahi	14,409	14,090	-320	-0.15	18.6
Total	166,720	161,360	-5,362	-0.31	20.87

Table 10: Forest area by Municipalities of Province 2

Municipality	Total Area (ha)	Forest Area (ha)	Forest area (%)
BARA DISTRICT			
Rural Municipality			
Adarshkotwal	3,614	0	0%
Baragadhi	3,917	0	0%
Bishrampur	1,976	0	0%

Devtal	2,324	0	0%
Karaiyamai	47,55	0	0%
Parwanipur	1,544	0	0%
Pheta	2,358	0	0%
Prasauni	2,018	0	0%
Suwarna	3,673	0	0%
Municipality			
Kolhabi	15,692	7,414	47.2%
Mahagadhimai	5,516	0	0.0%
Nijgadh	28,856	20,981	72.7%
Pacharauta	4,388	0	0.0%
Simraungadh	4,132	0	0.0%
Sub-Metropolitan			
Jitpur Simra	31,024	17,737	57.2%
Kalaiya	10,967	0	0.0%
DHANUSHA DISTRICT			
Rural Municipality			
Aaurahi	2,544	0	0%
Bateshwor	3,152	1	0%
Dhanauji	2,203	0	0%
Janaknandani	2,749	0	0%
Lakshminiya	3,053	0	0%
Mukhiyapatti Musarmiya	2,673	0	0%
Municipality			
Bideha	4,531	0	0.0%
Chhireshwornath	5,063	0	0.0%
Dhanusadham	9,125	1,491	16.3%
Ganeshman Charnath	24,322	15,250	62.7%
Hansapur	4,851	0	0.0%
Kamala	6,554	21	0.3%
Mithila	18,713	10,095	53.9%
Mithila Bihari	3,744	0	0.0%
Nagarain	3,883	0	0.0%
Sabaila	6,419	4	0.1%
Sahidnagar	5,712	0	0.0%
Sub-Metropolitan			
Janakpur Dham	9,159	0	0.0%
MAHOTTARI DISTRICT			
Rural Municipality			
Ekdanra	2,390	0	0.0%
Mahottari	2,797	0	0.0%
Pipra	3,981	0	0.0%
Samsi	2,149	0	0.0%
Sonama	5,755	0	0.0%

Municipality			
Aurahi	3,561	0	0.0%
Balwa	4,390	2	0.0%
Bardibas	31,428	18,297	58.2%
Bhangaha	7,690	0	0.0%
Gaushala	14,416	3,762	26.1%
Jaleswor	4,408	0	0.0%
Loharpatti	4,986	0	0.0%
Manra Siswa	4,953	0	0.0%
Matihani	2,890	0	0.0%
Ramgopalpur	3,938	0	0.0%
PARSA DISTRICT			
Rural Municipality			
Bindabasini	2,597	0	0.0%
Chhipaharmai	2,484	0	0.0%
Dhobini	2,435	0	0.0%
Jagarnathpur	4,518	0	0.0%
Jirabhawani	5,525	1,464	26.5%
Kalikamai	2,428	0	0.0%
Pakahamainpur	2,121	0	0.0%
Paterwasugauli	6,413	1,981	30.9%
SakhuwaPrasauni	7,408	1,607	21.7%
Thori	12,839	6,685	52.1%
Municipality			
Bahudaramai	3,147	8	0.3%
Parsagadhi	9,942	3,964	39.9%
Pokhariya	3,239	0	0.0%
Metropolitan			
Birgunj	13,173	1,515	
RAUTAHAT DISTRICT			
Rural Municipality			
Durga Bhagwati	1,973	0	0.0%
Yemunamai	1,664	0	0.0%
Municipality			
Baudhimai	3,523	0	0.0%
Brindaban	9,507	3,264	34.3%
Chandrapur	24,912	14,820	59.5%
Dewahhi Gonahi	3,388	3	10.0%
Gadhimai	4,927	0	0.0%
Garuda	4,432	1	0.0%
Gaur	2,147	0	0.0%
Gujara	14,985	7,550	50.4%
Ishanath	3,506	0	0.0%
Katahariya	4,056	0	0.0%
Madhav Narayan	4,837	0	0.0%

Maulapur	3,465	1	0.0%
Paroha	3,734	0	0.0%
Phatuwa Bijayapur	6,504	444	6.8%
Rajdevi	2,812	0	0.0%
Rajpur	3,131	0	0.0%
SAPTARI DISTRICT			
Rural Municipality			
Agnisair Krishna Savaran	10,252	5,167	50.4%
Balan Bihul	3,288	0	0.0%
Belhi Chapena	4,767	0	0.0%
Bishnupur	3,642	0	0.0%
Chhinnamasta	3,850	0	0.0%
Mahadeva	3,478	0	0.0%
Rupani	5,578	1,100	19.7%
Tilathi Koiladi	3,273	0	0.0%
Tirahut	3,760	110	2.9%
Municipality			
Bode Barsain	5,862	0	0.0%
Dakneshwori	6,875	0	0.0%
Hanumannagar Kankalini	11,753	0	0.0%
Kanchanrup	11,668	2,925	25.1%
Khadak	9,626	2,494	25.9%
Rajbiraj	5,498	0	0.0%
Saptakoshi	5,992	2,860	47.7%
Shambhunath	10,813	4,296	39.7%
Surunga	10,650	1,282	12.0%
SARLAHI DISTRICT			
Rural Municipality			
Basbariya	2,931	0	0.0%
Bishnu	2,800	0	0.0%
Bramhapuri	3,377	0	0.0%
Chakraghatta	2,507	0	0.0%
Chandranagar	4,733	0	0.0%
Dhankaul	4,578	0	0.0%
Kaudena	2,523	0	0.0%
Parsa	2,303	0	0.0%
Ramnagar	2,634	0	0.0%
Municipality			
Bagmati	10,083	1,255	12.4%
Balara	4,839	11	0.2%
Barahathawa	10,667	5	0.0%
Godaita	4,846	0	0.0%
Haripur	6,662	1,756	26.4%
Haripurwa	3,039	0	0.0%
Hariwan	9,504	2,438	25.7%

Ishworpur	16,319	7,524	46.1%
Kabilasi	4,794	0	0.0%
Lalbandi	23,758	12,589	53.0%
Malangawa	3,033	0	0.0%
SIRAHA DISTRICT			
Rural Municipality			
Arnama	3,,758	3	0.1%
Aurahi	3569	0	0.0%
Bariyarpatti	3,754	4	0.1%
Bhagawanpur	3,286	0	0.0%
Bishnupur	2,622	0	0.0%
Laxmipur Patari	4,212	1	0.0%
Naraha	2,914	0	0.0%
Nawarajpur	3,201	0	0.0%
Sakhuwanankarkatti	3,268	0	0.0%
Municipality			
Dhangadhimai	15,872	6,355	40.0%
Golbazar	11,140	2,664	23.9%
Kalyanpur	7,646	26	0.3%
Karjanha	7,649	2,268	29.7%
Lahan	16,633	4,245	25.5%
Mirchaiya	9,155	2,442	26.7%
Siraha	9,377	13	0.1%
Sukhipur	5,452	7	0.1%
Total (Province)	886,771	202,202	22.8%

2.3.5 Province 5 Location

95. Province 5 extends from a latitude of 27⁰,20' to 29⁰, 0' N and longitude of 81⁰,21' to 81⁰, 02" E in Western Nepal. Province 5 has an area of 1,778,451 ha and a forest cover of 48.8% (slightly higher than the national average). It includes 12 districts of which 5 are in the Terai, (Banke, Bardia, Kapilvastu, Nawalparasi and Rupandehi); 1 in the Chure (Dang); 5 in the Mid-hills (Arghakhanchi, Gulmi, Palpa, Pyuthan, Rolpa) and Rukum East classed as High-Hills. There are total 109 Local Governments consisting of 73 Rural Municipalities, 32 Municipalities and 4 Sub-Metropolitan Cities. Province 5 includes Bardia National Park and Banke National Park.

96. The area of Province 5 is 2,228,800 ha which is about 15% of the total area of Nepal. About 54% of the total area of Province 5 is in Terai or inner Terai. The altitudinal variation of the Province is from about 100 m in the Terai to 7,246 m in the Putha Himal in East Rukum.

97. A wide range of physical environmental and climatic conditions are found in Province 5 as the area extends across diverse physiographic regions. The physical environment and climatic condition found in the Terai and Chure are described in Sections 2.2.2 and 2.2.3. The physical environment and climatic conditions found in Mid-Hills is briefly described.

2.3.6 Physical Environment of the Mid-Hills

Geology/topography

98. Mid-Hills lie north of Chure along the southern flanks of the Himalayas. The Main Boundary Thrust serves as the border between the Chure and southern Mid-hills the uplifted Mahabharat Range. It was formed in the Precambrian and Paleozoic periods and is predominantly composed of schist, phyllite, gneiss, quartzite and limestone belonging to the Lesser Himalayan Zone. By contrast, the northern part of the Mid-Hills consists of those regions of the Lesser Himalayan geological zone which are thrust over Chure Group along the Main Boundary Thrust. This region is primarily composed of schist, phyllite, gneiss, quartzite, granite, limestone and dates back to the Precambrian and Paleozoic to Mesozoic periods belonging to the Lesser Himalayan Zone. Mid-Hills region occupies 29.2% of the total land area of Nepal. The elevation of Mid-Hills region varies from 110-3,300 m above mean sea level. Climate of the region ranges from sub-tropical, sub-humid in river valleys to warm-temperate in valleys and cool-temperate in the higher hills.

Geology and Soils of the Mid-Hills

99. The Mid-Hills are cut in many places by antecedent rivers such as Koshi, Gandaki (Narayani), Karnali, and Mahakali. Schist, phyllite, gneiss, quartzite, granite and limestone parent rocks occur in the range, geologically belonging to the Lesser Himalayan Zone. The valleys of Mid-Hills below the steep slopes, have alluvial loamy and sandy soils. On higher slope positions, the loam is mixed with boulders and exposed bedrock. The area is partly covered by glacial deposits formed during the last ice age. Such soils may become unstable when wet. Because of the steep slopes and dynamic geological conditions, large-scale landslides are common in the area during the monsoon, especially where the soil has been exposed by roads and agricultural terracing.

Drainage of the Mid-Hills

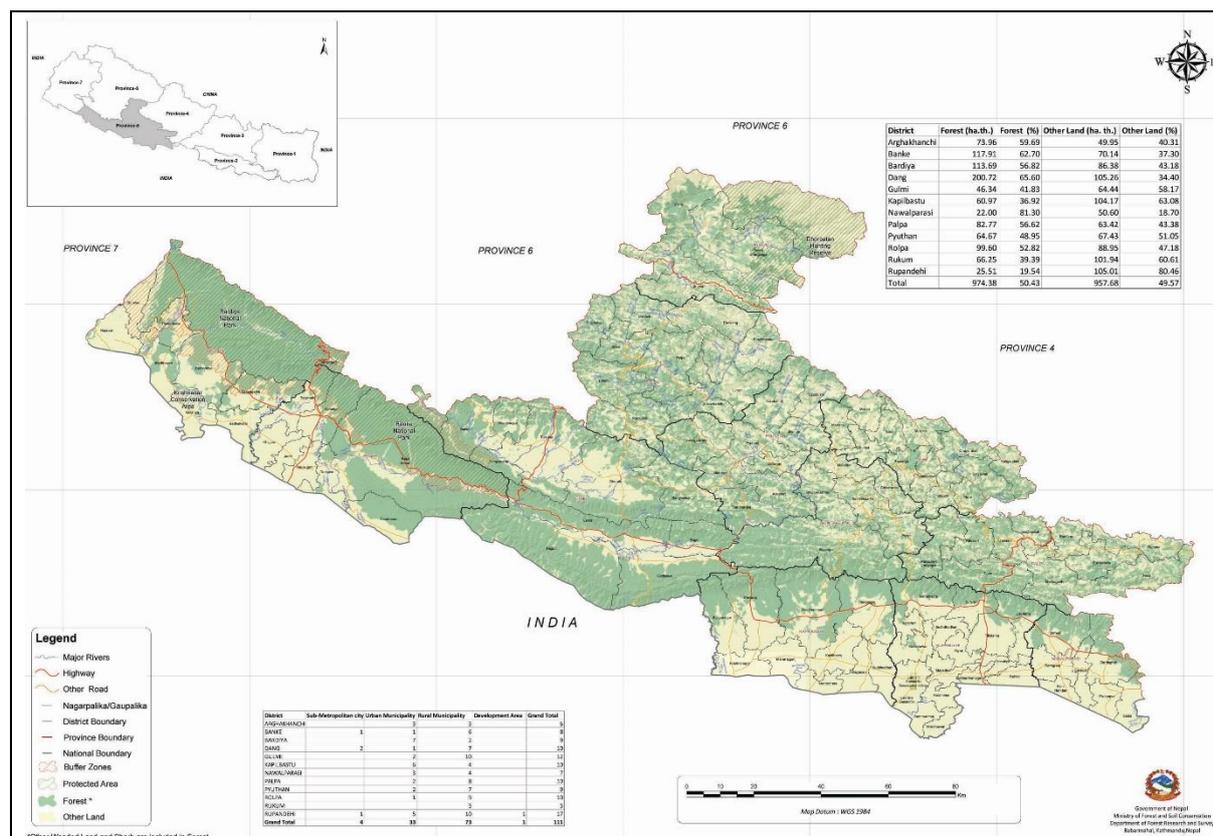
100. The major river systems originating in the Mid-Hills region include the Babai, West Rapti, Tinau, Bagmati, Kamala, Kankai, and Mechi. These rivers, originating in the Lesser Himalaya and the Mahabharat Range, are called second-grade rivers. They are fed by precipitation as well as ground water recharge, including that from springs. These rivers are perennial and are commonly characterized by wide seasonal fluctuations in discharge.

Climate of the Mid-Hills

101. The climate in Mid-Hills ranges from sub-tropical in river valleys to warm-temperate in valleys to cool-temperate in the high hills. The average annual maximum temperature is about 23.5°C (ranging from 5°C to above 40°C); and the average annual minimum, 12.7°C (ranging from -3°C to 30°C). Annual precipitation varies from east to west with the highest in the western Mid-Hills (1,898 mm), followed by the Far-Western (1,410 mm), Mid-Western (1,389 mm), Eastern (1,260 mm) and Central Mid-hills (1,091 mm).

102. The Mid-Hills are the first great barrier to monsoon clouds and high precipitation occurs on the southern slopes of the mountains. The conditions support lush vegetation with plenty of climbers and epiphytes. The warm-temperate monsoon climate occurs in the lower part of Mid-Hills, from approximately, 1,000 to 2,000 m, while the upper part, between 2,000 to 3,000 m, has cool-temperate monsoon climatic conditions (Acharya, 2003).

Figure 3: Province 5 Forest Cover



2.3.7 Province 5 Status of Forests and Environment

103. A forest cover map of Province 5 is shown in Figure 3. The distribution of forest area in different districts of Province 5 is shown in Table 11. Physiographic distribution of forest in different districts is shown in Table 12 and the area of forest under different management regimes in Province 5 is shown in Table 13. The area of forest and forest cover by Municipality of Provinces 5 is shown in Table 14.

Table 11: Distribution of forests in districts of Province 5

District	Forest (ha)	Shrub land (ha)	Total Forest area (ha)	% of forest	Other land	Total area (ha)
Arghakhanchi	73,142	818	73,960	59.69	49,950	123,910
Banke	116,360	1,549	117,909	62.7	70,137	188,046
Bardiya	111,550	2,137	113,687	56.83	86,378	200,065
Dang	192,682	8,043	200,725	65.6	105,261	305,986
East Rukum	55,650	10,600	66,250	39.39	101,940	168,190
Gulmi	45,215	1,124	46,339	41.83	64,439	110,778
Kapilvastu	59,025	1,944	60,969	36.92	104,167	165,136
Nawalparasi (East)	21,960	37	21,997	30.3	50,598	72,595
Palpa	77,974	4,799	82,773	56.62	63,418	146,191
Pyuthan	64,235	431	64,666	48.95	67,427	132,093
Rolpa	94,447	5,151	99,598	52.82	88,951	188,549

District	Forest (ha)	Shrub land (ha)	Total Forest area (ha)	% of forest	Other land	Total area (ha)
Rupandehi	25,105	403	25,508	19.54	105,013	130,521
Total	937,345	37,036	974,381	48.5	957,679	1,932,060

Table 12: Physiographic distribution of forest in different districts of Province 5 (000' ha)

District	Terai	Chure	Mid-Hills	High-Hills	Himal	Total
Arghakhanchi	0	40.2	33.76	0	0	73.96
Banke	40.46	77.45	0	0	0	117.91
Bardiya	47.4	66.29	0	0	0	113.69
Dang	0	162.44	38.28	0	0	200.72
East Rukum	0	0	4.49	55.31	6.47	66.27
Gulmi	0	0	46.29	0.04	0	46.33
Kapilvastu	39.35	21.62	0	0	0	60.97
Nawalparasi (East)	0.71	16.01	5.27	0	0	21.99
Palpa	0	19.48	63.29	0	0	82.77
Pyuthan	0	1.99	55.6	7.07	0	64.66
Rolpa	0	0	76.38	23.22	0	99.6
Rupandehi	6.79	18.72	0	0	0	25.51
Total	134.71	424.2	323.36	85.64	6.47	974.38

Table 13: Forest under different management regimes in Province 5

District	National Forest														Private Forest	
	Community Forest		Leasehold forest		Religious forest		Protection forest		Collaborative forest		Block Forest		GMF	Total		
	No	Area (ha.)	No	Area (ha.)	No	Area (ha.)	No	Area (ha.)	No	Area (ha.)	No	Area (ha.)	Area (ha.)	Area (ha.)	No	Area (ha.)
Bardiya	287	20,643			4	22	1	4504					88,518	113,687	115	116
Banke	116	20,636									1	2,578	94,695	117,909	141	66
Kapilvastu	119	12,663	0	0	4	176	0	0	5	18,693	0	0	29,437	60,969	49	23
Rupandehi	103	15,471	0	0	5	28	0	0	2	2,085	0	0	7,924	25,508	85	96
Nawalparasi (west)	35	5,614	0	0	0	0	0	0	1	1,781	0	0	14,601	21,997	87	
Gulmi	449	18,324	8	43	2	167	3	27,805		0			0	46,339	14	43
Argakhanchi	440	29,697	0	0	0	0	0	0	-	0	0	0	44,263	73,960	5	6
Palpa	683	39,849	98	877	4	261	0	0					41,786	82,773	45	24
Rukum (East)	140	12,562	15	50									53,637	66,250	9	3
Pyuthan	430	54,040	174	784	0	0	0	0	0	0	0	0	9,841	64,666	4	6
Dang	513	105,546	0	0	5	153	0	0	0	0	1	546	94,481	200,725	294	138
Rolpa	637	50,613	55	325	1	1	0	0	0	0	0	0	48,660	99,598	5	8
Total	3,952	385,659	350	2,080	25	806	4	32,309	8	22,560	2	3,124	527,843	974,381	853	530

Table 14: Forest area by Municipalities in Province 5

Municipality	Total Area (ha)	Forest Area (ha)	Forest area (%)
ARGHAKHANCHI DISTRICT			
Rural Municipality			
Chhatradev	8,740	3,244	37.1%
Malarani	10,079	3,106	30.8%
Panini	15,106	7,993	52.9%
Municipality			
Bhumekasthan	15,869	6,965	43.9%
Sandhikharka	12,908	4,852	37.6%
Sitganga	60,868	47,075	77.3%
BANKE DISTRICT			
Rural Municipality			
Baijanath	14,101	4,819	34.2%
Duduwa	9,066	1,606	17.7%
Janki	6,302	0	0.0%
Khajura	10,142	150	1.5%
Narainapur	17,157	10,465	61.0%
Rapti Sonari	103,717	86,600	83.5%
Municipality			
Kohalpur	18,339	11,984	65.3%
Sub-Metropolitan			
Nepalgunj	8,553	152	1.8%
BARDIYA DISTRICT			
Rural Municipality			
Badhaiyatal	11,462	1,158	10.1%
Geruwa	7,799	401	5.1%
Municipality			
Bansagadhi	20,507	11,268	54.9%
Barbardiya	22,566	9,507	42.1%
Gulariya	11,760	868	7.4%
Madhuwan	12,904	4,675	36.2%
Rajapur	12,637	492	3.9%
Thakurbaba	10,401	3,360	32.3%
DANG DISTRICT			
Rural Municipality			
Babai	20,027	15,046	75.1%
Banglachuli	24,433	16,390	67.1%
Dangisharan	11,025	5,940	53.9%
Gadhawa	35,735	27,345	76.5%
Rajpur	57,512	48,128	83.7%
Rapti	16,054	10,521	65.5%
Shantinagar	11,555	5783	50.0%
Municipality			

Lamahi	32,545	23,678	72.8%
Sub-Metropolitan			
Ghorahi	52,033	26,018	50.0%
Tulsipur	38,315	14,601	38.1%
GULMI DISTRICT			
Rural Municipality			
Chandrakot	10,548	4,935	46.8%
Chatrakot	8,681	3,748	43.2%
Dhurkot	8,308	2,619	31.5%
Gulmidarbar	7,980	2,939	36.8%
Isma	8,167	2,698	33.0%
Kaligandaki	10,081	4,779	47.4%
Madane	9,425	2,912	30.9%
Malika	9,224	2,543	27.6%
Ruru	6,720	3,467	51.6%
Satyawati	11,567	6,430	55.6%
Municipality			
Musikot	11,449	4,845	42.3%
Resunga	8,356	4,183	50.1%
KAPILBASTU DISTRICT			
Rural Municipality			
Bijayanagar	17,262	8,121	47.0%
Mayadevi	8,830	22	0.2%
Suddhodhan	9,146	0	0.0%
Yashodhara	6,737	0	0.0%
Municipality			
Banganga	23,306	11,196	48.0%
Buddhabhumi	36,565	23,779	65.0%
Kapilbastu	13,653	474	3.5%
Krishnanagar	9,634	0	0.0%
Maharajgunj	11,190	8	0.1%
Shivaraj	28,319	16,848	59.5%
NAWALPARASI WEST DISTRICT			
Rural Municipality			
Palhi Nandan	4,459	9	0.2%
Pratappur	7,101	7	0.1%
Sarawal	7,307	746	10.2%
Susta	9,107	1,050	11.5%
Municipality			
Bardaghat	17,818	9,722	54.6%
Ramgram	9,371	48	0.5%
Sunwal	17,320	10,277	59.3%
PALPA DISTRICT			
Rural Municipality			

Bagnaskali	8400	3,748	44.6%
Mathagadhi	21,508	12,030	55.9%
Nisdi	19,420	10,483	54.0%
Purbakhola	13,780	7,213	52.3%
Rainadevi Chhahara	17,548	11,305	64.4%
Rambha	9,393	3,845	40.9%
Ribdikot	12,427	7,551	60.8%
Tinau	20,156	14,971	74.3%
Municipality			
Rampur	12,315	5,237	42.5%
Tansen	10,956	5,913	54.0%
PYUTHAN DISTRICT			
Rural Municipality			
Ayirabati	15,628	8,708	55.7%
Gaumukhi	13,863	5,169	37.3%
Jhimruk	10,662	3,868	36.3%
Mallarani	7,985	2,636	33.0%
Mandavi	11,272	5,410	48.0%
Naubahini	21,277	10,122	47.6%
Sarumarani	15,749	10,554	67.0%
Municipality			
Pyuthan	12,857	4,728	36.8%
Sworgadwary	22,396	13,023	58.1%
ROLPA DISTRICT			
Rural Municipality			
Duikholi	16,246	7,936	48.8%
Lungri	13,482	6,685	49.6%
Madi	12,859	7,852	61.1%
Runtigadi	23,187	12,644	54.5%
Sukidaha	12,393	79,97	64.5%
Sunchhahari	27,674	11,422	41.3%
Suwarnabati	15,605	8,153	52.2%
Thawang	19,047	6,865	36.0%
Tribeni	20,464	13,225	64.6%
Municipality			
Rolpa	2,6951	16,117	59.8%
RUKUM EAST			
Rural Municipality			
Bhume	27,277	13,034	47.8%
Putha Uttarganga	55,857	25,799	46.2%
Sisne	32,602	16,483	50.6%
RUPANDEHI DISTRICT			
Rural Municipality			
Gaidahawa	9,657	726	7.5%

Kanchan	5,835	1,276	21.9%
Kotahimai	5,812	0	0.0%
Marchawari	4,844	0	0.0%
Mayadevi	7,228	0	0.0%
Omsatiya	4,844	1	0.0%
Rohini	6,449	17	0.3%
Sammarimai	5,066	0	0.0%
Siyari	6,620	142	2.1%
Sudhdhodhan	5,743	20	0.3%
Municipality			
Devdaha	13,667	7,352	53.8%
Sanskritik	11,194	0	0.0%
Sainamaina	16,082	9115	56.7%
Siddharthanagar	3,595	11	0.3%
Tillotama	12,592	1,358	10.8%
Sub-Metropolitan			
Butwal	10,139	4,958	48.9%
Total (Province)	1,778,451	868,297	48.8%

Chapter 3 Legal and Institutional Framework

3.1 Introduction

104. This chapter reviews and analyses the legal and institutional framework (i.e., policies and measures) for the ESMF and identifies gaps in addressing and respecting standards related to the proposed project activities. The first part of the section focuses on Nepal and analyses existing legal and institutional framework for their relevance in mitigating potential negative environmental and social impacts of the proposed project activities. This is followed by detailed analysis and review of WB Environmental and Social Framework, 2016. Finally, Environmental and Social policies of other international agencies including the UNFCCC are reviewed.

3.2 National legal provisions for environmental and social safeguards

105. **Constitution of Nepal:** The Constitution of Federal Republic of Nepal (2015) acknowledges environmental and social rights of its citizens and commits to safeguard them by applying social equity and inclusive governance and ending any kind of discriminations relating to class, caste, region, language, religion, and gender. Clauses 17, 18, 27, 30, 38, 39, and 40 of the Constitution have specific provisions related to right to freedom, equality, information, clean environment, women, and Dalits respectively.

106. Clause 51 of the Constitution has special provisions for managing and using natural resources sustainably and safeguarding the environment and society.

- The State shall pursue a policy of making a sustainable use of biodiversity through the conservation and management of forests, fauna and flora, and by minimizing the negative impacts of industrialization and physical development by promoting public awareness on environmental cleanliness and protection.
- The State shall pursue a policy of adopting appropriate ways of minimizing or stopping negative impacts on environment if it is there, or if there is a possibility of such an impact on nature, environment, or biodiversity.
- The State shall formulate policies and enact laws based on the principle of sustainable environment development based on pre-warning and pre-informed agreements regarding environmental protection. Those people who pollute the environment shall have to be responsible for their action.
- Creating a condition to ensure employment for all and employment opportunities in the country itself by making the labor power, which is the main social and economic force, competent and professional.
- Making special arrangements to ensure the rights of *Adivasi/Janjatis* (indigenous ethnic groups) to lead a dignified life with their respective identities and making them participate in decision making processes that concern them, and preserving and maintaining the traditional knowledge, skills, experience, culture and social practices of *Adivasi/Janjatis* and local communities.
- Making special arrangements for minority communities to exercise their social and cultural rights by maintaining their identity.
- Making special arrangements for the *Madhesi* community to have equal distribution of benefits of economic, social and cultural opportunities, and for the protection, progress, empowerment and development of the very poor and backward classes within the *Madhesi* community.

107. **National Forest Policy (2019):** Nepal adopted a new National Forest Policy in 2019 with the vision to contribute local and national prosperity through sustainable management of forests, biodiversity, and watershed. To achieve this vision, the following policies have been formulated.

- Increase forest productivity and production of forest products through sustainable forest management.
- Increase the benefits from ecosystem services including biodiversity and resource conservations and ensure equitable distributions.
- Increase productivity of land through integrated conservation and management of watersheds.
- Strengthen (i.e., ecologically, economically and socially) community-based forest management systems such as community forests, leasehold forests, collaborative forests, buffer zone community forests, protection forests and religious forests, and adopt justifiable benefit sharing.
- Through involvement of private sector in forest development and enhancement, enhance values of products and generate green employment by diversifying and commercializing forest-based enterprises and products.
- To reduce the impact of climate change, adopt options for mitigation and adaptation.
- Strengthen management to promote good governance, inclusiveness, and social justice in Forest Sector.

108. **Forestry Sector Strategy (2016-2025):** The Forestry Sector Strategy (FSS) is a guiding document to implement the Forest Policy (2015) for 10 years (i.e., 2016 to 2025). The FSS aims to deliver five major outcomes: sustainable production and supply of forest products; improvements of biodiversity; watersheds and ecosystem services; increased contribution to national economic development; and inclusive and accountable forestry sector institutions and organizations to develop a climate-resilient society and forest ecosystems. The strategy has eight strategic pillars and seven key thematic areas Table 15.

Table 15: Strategic Pillars and Key Thematic Areas of Nepal's Forestry Sector Strategy

Strategic pillars of the FSS (2016-2025)	Key thematic areas of the FSS (2016-2025)
1. Sustainably managed resources and the ecosystem.	1.Managing Nepal's forests.
2. Conducive policy process and operational environment.	2.Managing ecosystem and conserving biodiversity.
3. Responsive and transparent organizations and partnerships.	3. Responding to climate change.
4. Improved governance and effective service delivery.	4. Managing watersheds.
5. Security of resource use by the community.	5.Promoting enterprise and economic development.
6. Private sector engagement and economic development.	6.Enhancing capacities, institutions, and partnerships.
7. Gender equality, social inclusion, and poverty reduction.	7.Managing and using forestry sector information.
8. Climate change mitigation and resilience.	

109. **Forest Act, 2019:** Forest Act, 2019 recognizes the importance of forests in maintaining a healthy environment. Section 49 of the act prohibits registration; setting fires; grazing, removing, or damaging forest products; felling trees or plants; hunting wildlife; and extracting boulders, sand, and soil from the national forest without prior approval. Regarding the non-forestry use of forest land, Clause 42 (1) of the Forest Act 2019 states that the government may permit the use of any part of

government-managed forest, leasehold forest, or community forest if there is no alternative for the implementation of a plan or project of national priority without significantly affecting the environment. According to Clause 42 (2), While permission of use of forest land is granted under Clause 42 (1), at least equal areas must be provided for plantation in adjoining area or similar area somewhere else from the project proponent.

110. The Forest Act has given a bundle of rights to local communities for protection, development, management, and use of forest products under different institutional management modalities including community forests, collaborative forests, leasehold forests, and religious forests. The act and regulations define community forest user groups (CFUGs) as self-sustained, perpetual entities and have given absolute rights to them in managing their forests.

111. The regulatory provisions authorize CFUGs to formulate their own rules and enforce and sanction as appropriate. The CFUG constitution is a key regulatory document that defines decision making and benefit sharing mechanisms within the group as well as rights and responsibilities of different user members and forums. Within the legal framework defined by the rules, the CFUGs hold regular meetings, prepare and amend rules, and allocate an annual budget for overall forest development including different local development initiatives. Table 16 shows some of the environmental and social safeguard related provisions of the Forest Act, 2019 and draft Forest Regulations, 2019.

Table 16: Environmental and Social Safeguard provisions of the Forest Act (2019)

Federal Forest Act (2019)	
<ul style="list-style-type: none"> • Land ownership remains with the state, while the land use rights belong to the CFUGs • User groups are recognized as independent, self-governing, autonomous, and corporate bodies with perpetual succession • All management decisions (land management and forest management) are taken by the CFUGs • Each household is recognized as a unit for the membership and every member has equal rights over the resources. • Equitable distribution of benefits; • CFUGs can accumulate their fund from grants received from GoN and other local institutions, sale of CF products, and amount received by other sources such as fines, etc • CFUGs have to spend 25 percent of their income in forest development, protection and management activities and 50 percent of remaining amount in poverty reduction, women empowerment and enterprise development in coordination with local level. • CFUGs can use their funds in any kind of community development works. 	

112. As per the provisions of the second revision of community forest guidelines, the well-being ranking of community forest users is mandatory. The poorest households are identified through a well-being ranking which is done based on the locally developed criteria. Implementing poverty reduction and related activities for marginalized groups is required. The guidelines prescribe for certain provisions for benefitting the disadvantaged, Dalits, indigenous peoples, and women including subsidised/free distribution of forest products. The guidelines also suggest that there should be a thorough discussion at the tole (hamlet) level of the needs and interests of the poor, women, and destitute sections of the community while preparing or revising forest management plans.

113. **REDD+ strategy (2018):** Nepal’s REDD+ strategy envisions that REDD+ implementation will assist in advancing sustainable forest management, integrating various sectoral policies that optimize cross-sectoral synergies that will ultimately lead to an improvement of forest law enforcement and governance at large, with necessary amendment of act and regulations by accommodating the

concerns of stakeholders complying with relevant international standards, agreements, and decisions. REDD+ architecture will also contribute to global low-carbon economic development pathways and the global sustainable development agenda. Table 17 shows the vision, mission, and objectives of the REDD+ strategy.

Table 17: Vision, Mission and Objectives of Nepal's REDD+ Strategy (2018)

Vision	Enhanced carbon and non-carbon benefits of forest ecosystems contribute to the prosperity of the people of Nepal
Mission	To strengthen the resilience of forest ecosystems for emission reductions and increased environmental, social, and economic benefits through improved policy, measures, and institutions with enhanced stakeholders' capacity, capability, and inclusiveness.
Objectives	<ol style="list-style-type: none"> 1. To reduce carbon emission, enhance carbon stocks and ecosystem resilience through mitigation and adaptation approaches by minimizing the causes and effects of drivers of deforestation and forest degradation, and promoting sustainable forest management across the ecological regions (Strategy 1,2,3,4). 2. To improve resource tenure and ensure fair and equitable sharing of carbon and non-carbon benefits of forests among rights holders, women, indigenous peoples, Madhesis, Dalits, and forest-dependent local communities with effective implementation of safeguard measures (Strategy 5, 11). 3. To increase livelihood assets and diversify employment opportunities of women, indigenous peoples, Madhesis, Dalits, local communities, and forest-dependent poor (Strategy 6,7,8). 4. To improve and harmonize policy and legal framework, in line with national and international requirements and standards, to harness carbon and non-carbon benefits; increase institutional capability and coordination, and strengthen governance, gender equality, and social inclusion of forestry sector (Strategy 5,9,10,11). 5. To establish and maintain a national forest monitoring system with a robust measurement, monitoring, reporting, and verification mechanisms (Strategy 12).

114. Each of the objectives have different strategies with total of 12 strategies each with action plans to implement them. A total of 70 actions are proposed for the 12 strategies.¹²

115. **National Biodiversity Strategy and Action Plan (NBSAP) (2014-2020):** The Government of Nepal has developed a comprehensive strategy and action plan for biodiversity conservations for 2014 to 2020. The overall goal of the NBSAP is to significantly enhance the integrity of Nepal's ecological systems by 2020, thereby contributing to human wellbeing and sustainable development of the country. The objective of developing the NBSAP is to provide a strategic planning framework for conservation and sustainable use of biodiversity and biological resources of Nepal for enhancing local livelihoods and eco-friendly national development, and equitable sharing of the benefits accrued from the use of biological resources across all sections of society. The strategy includes eight underpinning principles and 13 approaches to address and respect traditional and cultural practices of IPLC.

116. **Gender and social inclusion strategies:** Since the early 1990s, Nepal has significantly increased commitments to gender equity, equality, and the empowerment of women in its policies, plans, and programs. In 1990 it introduced a gender approach to development, known as gender and development to enable women and men to participate equally in public and private life and realize

¹²<http://MFSC-redd.gov.np/resource-center/>

their full potential in development. Since its 10th development plan (2002-2007), gender mainstreaming has been one of the main strategies for reducing poverty. Gender- and caste-related issues are the key cross-cutting issues for poverty reduction and sustainable development. The forestry sector gender and social inclusion strategy (2006) has also aimed at guiding all the forestry sector stakeholders to promote the inclusion of poor and socially excluded groups of people in community forests. Furthermore, the Ministry of Forests and Soil Conservation (MoFSC) has declared its gender, poverty, and social equity vision for 2020 which clearly states and commits that the Ministry is a gender and social equity sensitive and socially inclusive organization, practicing good governance to ensure equitable access to, benefits from, and decision-making power over forest resources and benefits of all forestry sector stakeholders.

117. **National Parks and Wildlife Conservation Act (1973):** Although this act restricts entry in national park areas without prior permission in the core areas declared as national park and wildlife reserve, it allows government (4th amendment in 1993) to declare peripheral areas as the buffer zone and considers local communities as an integral part of it.

118. **Buffer Zone Regulation (1996):** This regulation allows park authority and local users to design programs for the buffer zone that are compatible with the national park management. It allows investing 30-50% of the park-generated revenues for community development activities in buffer zone and promotes activities that meet the basic needs of local people for fuelwood, fodder, timber, and grazing. However, the regulation prohibits occupying any land without legal ownership or cutting trees, clear forest and any other activities damaging forest resources, habitats, and wildlife.

119. **Environment Protection Act (2019):** Environment includes all natural, cultural, and social systems, economic and human activities and their constituent parts, and the interaction and interrelationship among the constituent parts. This one of the most progressive definitions of the term 'environment' as it includes economic, human, and social dimensions. The Environment Protection Act requires the proponents to prepare a brief environmental study or initial environmental examination (IEE) or environmental impact assessment (EIA) report in relation to prescribed plans, programs, or projects which may cause changes in existing environmental conditions by physical activity, development activity, or change in land use. Thus, the word 'proposal' has been progressively defined to include plan. The general interpretation is that 'proposal' is limited to projects and therefore the act only requires EIA at the project level and does not cover plans, policies, and legislation. Another interpretation is that 'proposal' has been so comprehensively defined by this law that it includes plans, policies, and legislation thus requiring preparation of strategic environmental assessment in relation to any plan, policy, or legislation. To improve the quality of the studies/documents the ACT includes provision for restricting the proponent from preparing environmental study report for a period not exceeding 5 (Five) years if the submitted report does not adhere to that standard. The Act puts emphasis on the need of Alternative analysis stating that the potential initial, mid-term and long-term adverse impacts on the environment and also the method and procedure to be adopted for minimizing the impact. After having prepared a brief environmental study or IEE or EIA, the proponent is required to submit it to the relevant government agency for approval. The Act delineates and defines the role and responsibilities of the three tiers of governments with regard to preparation of IEEs, EIAs, approval and clearance procedures.

120. **National Environmental Policy (2019).** The policy was framed to guide the implementation of environment related laws and other thematic laws, to realize Nepal's international commitments and to enable collaboration between all concerned government agencies and non-government organizations on environmental management actions. The policy aims to lessen and prevent all types of environmental pollution, to manage waste from all sectors, to expand parks and greenery in urban

area and to ensure environmental justice for affected people. The policy specifies special measures, including setup of effective systems for checking and reducing pollution, encouragement for the use of environment-friendly technology, regulation of harmful pesticides and protection of human health from unauthorized food adulterants. The policy includes promotion of technologies to manage pollutants such as dust, smoke and water from industries; to promote the use of alternative energy in homes and for energy effective housing.

121. A national environment council will be established to coordinate environment-related activities and all tiers of government will be required to formulate laws and policies on environment. Federal, Provincial and Local Governments all have a role in implementation of the policy. Federal government has responsibility for national-level policy, laws and environmental standards.

122. **Local Government Operation Act, (2074):** This Act came into effect in 2017 and has paved a strong legal foundation towards institutionalizing legislative, executive and quasi-judiciary practices of the newly formed local governments. The legal mechanism was enacted as per the Article 296 (1) of the Constitution of Nepal-2015 so as to leverage local leadership and governance system. The Act has stipulated the arrangements related to authorities, duties and responsibilities of local government, assembly meeting and working system, assembly management procedures, plan formulation and implementation, judicial works, financial jurisdictions, administrative structure and district assembly, among others.

123. This act describes about the criteria to divide a state into municipalities or rural municipalities and respective rights, duties and responsibilities in different development and conservation sectors. It clarifies the rights of municipalities/ rural municipalities to form local laws, regulations and criteria for conservation of environment protected areas and species; for environmental pollution and hazard control; solid waste management; etc.

124. In addition to the policies and measures discussed above, some additional policies and measures are also in place that address cross-cutting issues of forests and their stakeholders and provide different requirements for overall environmental and social safeguards while implementing any development projects. These include: Land Acquisition Act 2034 (1977); Land Act 1964; Labour Act 1992; Water Resources Act, 1993; National Foundation for the Development of Indigenous Nationalities (NFDIN) Act 2002; Right to Information Act, 2007; Good Governance Act, 2008; and National Dalit Commission (NDC), 2002.

3.3 World Bank Environmental and Social Framework

125. In August 2016, the World Bank adopted a new Environmental and Social Framework (ESF), which became effective on October 1, 2018 for all new World Bank investment project financing. This ESMF has been prepared in accordance with the provisions of the ESF.

126. The World Bank's ESF sets out its commitment to sustainable development, through a Bank Policy and a set of Environmental and Social Standards that are designed to support Borrowers' projects, with the aim of ending extreme poverty and promoting shared prosperity. The ESF protects people and the environment from potential adverse impacts that could arise from Bank-financed projects and promotes sustainable development. This new framework provides broad coverage, including important advances on transparency, non-discrimination, social inclusion, public participation and accountability. The ESF also places more emphasis on building borrower governments' own capacity to deal with environmental and social issues.

127. The Framework comprises:

- A Vision for Sustainable Development, which sets out the Bank’s aspirations regarding environmental and social sustainability;
- The World Bank Environmental and Social Policy for Investment Project Financing, which sets out the mandatory requirements that apply to the Bank; and;
- The ESSs, together with their Annexes, which set out the mandatory requirements that apply to the Borrower and projects.

128. The ESSs set out the requirements for Borrowers relating to the identification and assessment of environmental and social risks and impacts associated with projects supported by the Bank through Investment Project Financing. The ten ESSs establish the standards that the Borrower and the project will meet through the project life cycle, as follows:

- ESS 1: Assessment and Management of Environmental and Social Risks and Impacts
- ESS 2: Labor and Working Conditions
- ESS 3: Resource Efficiency and Pollution Prevention and Management
- ESS 4: Community Health and Safety
- ESS 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
- ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
- ESS 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities
- ESS 8: Cultural Heritage
- ESS 9: Financial Intermediaries
- ESS 10: Stakeholder Engagement and Information Disclosure.

3.4 World Bank Environmental and Social Standards and their Relevance to the Current Project

129. All the 10 ESSs are relevant for the project. Table 18 shows the applicability and overview of the relevance of the ESSs for the project.

Table 18: Applicability of the WB Environmental and Social Standards for the Project

World Bank ESS	Relevant/Not relevant	Overview of relevance of the ESS	Addressing the ESS
<p>ESS 1: Assessment and Management of Environmental and Social Risks and Impacts</p>	<p>Relevant</p>	<p>Project activities include SFM, private forest plantation, improvement and/or development of forest-based industries as well as capacity building and technical assistance. These have potential to cause environmental and social risks and impacts. The project will place a strong emphasis on providing benefits to a range of vulnerable or otherwise disadvantaged groups not formally classed as IPs such as Dalit and Madhesi communities.</p>	<ul style="list-style-type: none"> • The project activities will generate some adverse environmental impacts associated with components 2 and 3, private forest plantation and SFM. Other environmental impacts may be associated with investments of forest-based industries particularly with increase in environmental pollution with waste, noise, dust, air pollution, and labor health and safety issues. • An Environmental and Social Management Framework has been drafted to provide procedures in addressing and mitigating these risks.
<p>ESS 2: Labor and Working Conditions</p>	<p>Relevant</p>	<p>Labor management and decent working conditions and social inclusion are important issues for workers in the forest sector in a range of activities supported by the project including timber harvesting and utilisation and in a range of forest-based enterprise types.</p>	<ul style="list-style-type: none"> • The project is not likely to generate adverse social impacts due to labor influx; however, it is likely that some skilled labor will be contracted by the forest-based enterprises while majority of the laborers will be contracted locally. • A labor management plan needs to be developed which will mitigate concerns related with labor including with forced and child labor in the country. • Agreement for developing generic LMPs has been included in the ESCP after project approval.
<p>ESS 3: Resource Efficiency and Pollution Prevention and Management</p>	<p>Relevant</p>	<p>The project will provide support for a range of forest-based enterprises some of which may potentially cause pollution to air and water and some of which may involve use of chemicals.</p>	<ul style="list-style-type: none"> • The ESMF includes sections on Pollution Prevention and Management with a focus on those issues which might arise while supporting forest-based enterprises. Relevant measures, including for impacts deriving from the use of pesticides, will be

			laid out in Pest Management Plans(PMPs) or otherwise integrated into ESMPs.
ESS 4: Community Health and Safety	Relevant	Implementation of SFM, private and public land plantations as well as establishment of high-tech nurseries and various forest-based enterprises may have community health and safety implications.	<ul style="list-style-type: none"> To address environmental risks and impacts that might affect community health and safety, the ESMF includes assessment of work-related health risks; works and road safety; site safety awareness; and labor influx. All of these issues and more (such as the mangement of pesticides and other chemicals) will be included in the site-specific ESMPs to be prepared once the investments are identified.
ESS 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Relevant	The project is not expected to involve any involuntary land acquisition or restrictions on land use leading to physical and/or economic displacement of people. Nor will the project work in any legally designated parks or protected areas (including buffer zones).	<ul style="list-style-type: none"> As a precautionary measure a Resettlement Policy Framework has been developed in the unlikely event that any resettlement or economic displacement should take place as a result of project activities. A Process Framework is not required since no project activities will take place in or near legally designated parks or protected areas.
ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant	The project is planned to be implemented in the Terai, Chure and Mid-Hills of Provinces 2 and 5. In all these areas there are potential issues for biodiversity conservation resulting from SFM and forest resource harvesting and utilisation including for wood and NTFPs.	<ul style="list-style-type: none"> The project supports activities including SFM and smallholder plantations for private and public land where there is potential threat to biodiversity. The ESMF provides guidance for a mitigating the impacts on biodiversity or habitats. The potential risks and impacts on biodiversity or habitats will be mitigated by the project by developing good practice guidelines for such activities as part of ESMPs.

			<ul style="list-style-type: none"> • Where significant risks and adverse impacts on biodiversity have been identified, the project will develop and implement Biodiversity Management Plans.
ESS 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Relevant	There are several groups of indigenous peoples (IP) in the project area who will be involved in project activities including Tharu, Magar and Tamang as well as various others.	<ul style="list-style-type: none"> • The Indigenous Peoples Planning Framework (IPPF) provides for the development of one or more Indigenous Peoples Plans, as needed, based on the results of the site-specific screening and social assessment. • Under certain circumstances, it may also be necessary to engage in a process of Free, Prior and Informed Consent (FPIC).
ESS 8: Cultural Heritage	Relevant	There are some cultural heritage sites in the project area such as Lumbini in Rupandehi and Tilaurakot in Kapilbastu, although there will be no direct impact of the project on these areas. Some forests within the project area may be considered sacred by participating local communities while others may have presence of tangible and intangible cultural heritage (and therefore may have already been classed as Religious Forests).	<ul style="list-style-type: none"> • The provision of a chance finds procedure is included in the ESMF and will be part of the mitigation measures to be provided in site-specific ESMPs. • The project will not work in designated Religious Forests as categorized under the Forest Act (2019).
ESS 9: Financial Intermediaries	Relevant	An Apex Body acting as a “wholesaler” and one or more commercial banks and/or financial institutions acting as “retailers” will be used to provide a credit line for establishment or improvement of selected forest-based enterprises and hi-tech forest nurseries in the project area.	<ul style="list-style-type: none"> • Component 3 will finance forest-based enterprises through and Apex body and commercial banks and/or financial institutions. Therefore, financial intermediaries will be relevant. • An environmental and social capacity assessment of these financial intermediaries will be carried out and, accordingly Environmental and Social Management System (ESMS) with clearly defined procedures for the identification, assessment

			management, and monitoring of the environmental and social risks and impacts of activities covered by sub-component 3.2 of the project will be developed and maintained.
ESS 10: Stakeholder Engagement and Information Disclosure	Relevant	Effective and meaningful engagement and participation of the diverse stakeholder groups identified for the project is critical to its successful implementation and to ensure that mechanisms are in place for information sharing and addressing complaints and grievances.	<ul style="list-style-type: none"> • A SEP has been developed for effective and meaningful stakeholder engagement and participation which will be implemented throughout the project lifecycle.

3.5 Gap analysis and corresponding measures

130. Table 19 describes a gap analysis and measures to bridge the gaps between the ESSs and GoN policy and legal requirements for environmental and social risk management of development projects.

Table 19: Gap Analysis Between WB Environmental and Social Standards and GoN Policies

World Bank ESS requirements		Nepal's policy framework and requirements	Gaps between ESSs and GoN & legal and policy requirements	Gap-Bridging Measures
ESS	Requirements			
ESS 1: Assessment and management of Environmental and Social Risks and Impacts	<p>ESS 1 requires the Borrower will assess, manage and monitor the environmental and social risks and impacts of the project throughout the project life cycle so as to meet the requirements of the ESSs in a manner and within a timeframe acceptable to the Bank.</p> <p>The Borrower will: (a) Conduct an environmental and social assessment of the proposed project, including stakeholder engagement; (b) Undertake stakeholder engagement and disclose appropriate information in accordance with ESS10; (c) Develop an ESCP, and implement all measures and actions set out in the legal agreement including the ESCP; and (d) Conduct monitoring and reporting on the environmental and social performance.</p>	<p>Environment Protection Act, 2019;</p> <p>Environment Protection Regulation, 1997; and;</p> <p>National Environmental Impact Assessment Guidelines, 1993 are legal instruments for the requirements of Environmental and Social Assessment of any development projects.</p> <p>New Environmental Regulations are currently being prepared.</p>	<ul style="list-style-type: none"> • The Schedules are based on activity type, threshold/size, as well as location. The Potential risks associated with the project are omitted in GoN policy. • No provision for associate project projects/activities; large projects can be split into smaller projects to avoid full EIA study. • Scope of EIA may not cover all WB ESS. • EPA/EPR does not allow use of other types/forms of assessments. • Does not emphasize hierarchy of measures in ES risk management planning 	<ul style="list-style-type: none"> • Detailed E&S Screening shall be carried out followed by detailed ESMP to bridge the gap between WB and GoN requirements. • The ESMP aims to address all the adverse environmental impacts that arise during execution and operation of the project. • The ESMP so prepared shall be made integral part of bidding document so that the Contractor (as for provision of services) shall adhere to the provisions prescribed in the ESMP during execution of the project.
ESS 2: Labor and Working Conditions	There are numbers of requirements of ESS2 under the following heading:	Labor Act (2017); and; Child Labor Act (2001) are legal instruments.	<ul style="list-style-type: none"> • Current OHS legislation is not adequate (No separate legislation on OHS. 	<ul style="list-style-type: none"> • Labor Management Procedures (LMPs) will be developed and implemented for the project

World Bank ESS requirements		Nepal's policy framework and requirements	Gaps between ESSs and GoN & legal and policy requirements	Gap-Bridging Measures
ESS	Requirements			
	<ul style="list-style-type: none"> Working conditions and management of worker relationships; Protecting the work force; Grievance mechanism; Occupational Health and Safety Contracted workers; Community workers; and; Primary supply workers 		<ul style="list-style-type: none"> Current OHS mandate is provided only in Chapter 12 of the Labor Act) Lack of industry-specific standards (DoLOS has so far issued only one directive: OHS Directive for Brick Workers) 	<ul style="list-style-type: none"> Guidelines to be developed for firms on occupational health and safety (OHS) issues
ESS 3: Resource Efficiency and Pollution Prevention and Management	The Borrower shall consider ambient conditions and apply technically and financially feasible resource efficiency and pollution prevention.	Environment Protection Act (EPA), 2019 (Section 7). National Ambient Air Quality Standards (2003) Water Resources Act (1992) Water Resources Rules (1993) Drinking Water Regulation (1998) Drinking Water Quality Standards Water Quality Guidelines for the Protection of Aquatic Ecosystem	<ul style="list-style-type: none"> Lack of suitable enforcement mechanisms for legislation on resource use efficiency in projects 	<ul style="list-style-type: none"> Resource efficiency and pollution prevention in any project activity need to be emphasized during the design and implementation of the activity. National standards related to environmental protection and resource efficiency will be complied with by the project.

World Bank ESS requirements		Nepal's policy framework and requirements	Gaps between ESSs and GoN & legal and policy requirements	Gap-Bridging Measures
ESS	Requirements			
ESS 4: Community Health and Safety	<p>There are numbers of requirements of ESS4 under the following headings:</p> <ul style="list-style-type: none"> • Community health and safety and • Security personnel 	<ul style="list-style-type: none"> • The EPA identifies the direct and indirect human health impact as one of the components in assessing the effect of development projects. • EPA Section 7: Nobody shall create pollution in such a manner as to cause significant adverse impacts on the environment or likely to be hazardous to public life and people's health. 	<ul style="list-style-type: none"> • There is limited coverage as scope of ESIA's do not necessarily include community safety issues. • Public health legislation does not specifically impose requirements for development and infrastructure projects. 	<ul style="list-style-type: none"> • ESMPs developed under the project will aim to address all community health and safety issues that arise during execution and operation of the project. • .
ESS 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	<p>There are number of requirements of ESS 5 under following headings:</p> <ul style="list-style-type: none"> • General (Eligibility classification; Project design; Compensation and benefits for affected persons; Community engagement; Grievance mechanism; 	<ul style="list-style-type: none"> • Clause 3 of the Land Acquisition Act states that any asset that is required for public purposes shall be acquired by providing compensation. 	<ul style="list-style-type: none"> • Does not require preparation of RAP • Does not allow for PAP consultation in the compensation options • Does not allow non-cash compensation options such as land-for-land and 	<ul style="list-style-type: none"> • The project shall be required to prepare vulnerability assessment and mitigation plan for the affected people that have impacts on their livelihood after losing the land. • The project shall assist those who have impacts on their livelihoods due to land acquisition by the project including tenants.

World Bank ESS requirements		Nepal's policy framework and requirements	Gaps between ESSs and GoN & legal and policy requirements	Gap-Bridging Measures
ESS	Requirements			
	<p>Planning and implementation);</p> <ul style="list-style-type: none"> • Displacement (Physical displacement; Economic displacement); • Collaboration with other responsible agencies or subnational jurisdictions; and; • Technical and financial assistance. 	<ul style="list-style-type: none"> • Compensation Fixation Committee shall establish the Compensation rates. • Guthi Corporation Act, 2033 (1976). Section 42 of this Act states that Guthi land (religious trust land) acquired for the purpose of the development shall be replaced with other land, than compensated in cash • The LRA 1964 establishes the tiller's right on the land, which s/he is tilling. It additionally specifies the compensation entitlements rights of registered tenants on the sold land by the owner. • Compensation shall be provided for loss of crop damaged and income source. 	<p>replacement homes, only "arrangements for rehabilitation" and "priority in employment".</p> <ul style="list-style-type: none"> • Valuation of lost assets considers depreciation and hence not at replacement cost • Does not make mention of compensating non-titleholders (tenants, long-term land users, encroachers and squatters). 	<ul style="list-style-type: none"> • The lost assets need to be fully replaced and affected livelihoods restored. • Pragmatic livelihood assistance program shall be designed by the project. • The project shall develop alternative forms of compensation or assistance for adversely affected non-title holders, encroachers and squatters.

World Bank ESS requirements		Nepal's policy framework and requirements	Gaps between ESSs and GoN & legal and policy requirements	Gap-Bridging Measures
ESS	Requirements			
ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	<p>There are number of requirements of ESS 6 under the following headings:</p> <ul style="list-style-type: none"> • General (Assessment of risks and impacts; • Conservation of biodiversity and habitats; • Legally protected and internationally recognized areas of high biodiversity value; • Invasive alien species • Sustainable management of living natural resources and primary suppliers 	<ul style="list-style-type: none"> • The Aquatic Animal Protection Act (1960); • National Park and Wildlife Conservation Act (1973); • Forest Act, (2019) Biodiversity Strategy have various provisions for biodiversity conservations sustainable management of natural resources 	<ul style="list-style-type: none"> • Natural habitats are not specifically required to be assessed in the EIA • Does not specifically require Biodiversity Management Plan even where biodiversity impact is found significant in the EIA 	<ul style="list-style-type: none"> • All the provisions of relevant laws will be complied with by the project. • A separate Biodiversity Management Plan needs to be developed for project activities that have potential significant impacts on biodiversity.
ESS 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	<p>There are numbers of requirements of ESS 7 under the following headings:</p> <ul style="list-style-type: none"> • General (Projects designed solely to benefit indigenous peoples/Sub-Saharan African historically underserved traditional local communities; Projects where indigenous peoples/Sub-Saharan African historically underserved traditional local communities are not the sole beneficiaries; Avoidance of adverse impacts; Mitigation and development benefits; 	<ul style="list-style-type: none"> • The GoN encourages to include and consider IPLC's concerns in each and every development and infrastructure programs and formulate a plan or mechanism to incorporate income generation program targeted to IPLC. 	<ul style="list-style-type: none"> • The GoN encourages development programs to incorporate income generation schemes for IPs. • The provision of FPIC and broad community support in relation to IPs is absent. Nonetheless, the GoN has ratified ILO 169 and the United Nations Declaration of 	<ul style="list-style-type: none"> • Under certain circumstances, the Project shall obtain FPIC from affected indigenous communities; • The project shall prepare Indigenous Peoples Plans (IPPs) based on site-specific social assessments; • The project shall seek to maximize the ability of Adivasi/Janajati to benefit from the project by:

World Bank ESS requirements		Nepal's policy framework and requirements	Gaps between ESSs and GoN & legal and policy requirements	Gap-Bridging Measures
ESS	Requirements			
	<p>Meaningful consultation tailored to indigenous peoples/Sub-Saharan African historically underserved traditional local communities;</p> <ul style="list-style-type: none"> • Circumstances requiring free, prior and informed consent, FPIC (Impacts on lands and natural resources subject to traditional ownership or under customary use or occupation; Relocation of indigenous peoples/ Sub-Saharan African historically underserved traditional local communities from lands and natural resources subject to traditional ownership or under customary use or occupation; Cultural heritage); Grievance mechanism; and; Indigenous peoples/Sub-Saharan African historically underserved traditional local communities and broader development planning. 		<p>Rights of Indigenous People (UNDRIP).</p> <ul style="list-style-type: none"> • The GoN is in the process of preparing National Action Plan to implement these international commitments. • 	<ul style="list-style-type: none"> ▪ creating an environment for social inclusion; ▪ enabling their participation in policy discussions and decision making; ▪ promoting IPs' participation in the complementary DGM project; ▪ promoting their culture, language and knowledge through different project activities.
ESS 8: Cultural Heritage	<p>There are numbers of requirements of ESS 8 under the following headings:</p> <ul style="list-style-type: none"> • General 	<ul style="list-style-type: none"> • The Environment Protection Rules, (1999) states that physical and cultural 	<ul style="list-style-type: none"> • Does not include intangible cultural heritage 	<ul style="list-style-type: none"> • The ESMF incorporates "Chance Finds" provisions and requirements

World Bank ESS requirements		Nepal's policy framework and requirements	Gaps between ESSs and GoN & legal and policy requirements	Gap-Bridging Measures
ESS	Requirements			
	<ul style="list-style-type: none"> Stakeholder consultation and identification of cultural heritage (Confidentiality; Stakeholders' access); Legally protected cultural heritage areas; Provisions for specific types of cultural heritage (Archaeological sites and material; Built heritage; Natural features with cultural significance; Movable cultural heritage); and; Commercial use of cultural heritage 	<p>resources shall not be disturbed or damaged without the prior approval of concerned authority.</p> <ul style="list-style-type: none"> EPA (1997) Section 9-10; and EPR (1997) Chapter 5; and; Ancient Monument Act (1956) have provisions on cultural heritage 	<ul style="list-style-type: none"> Does not provide for the development of Cultural Heritage Plan Does not provide for the application of globally recognized practices in the study, documentation and protection of cultural heritage Does not provide for adoption of chance find procedures 	<ul style="list-style-type: none"> ESMPs developed under the project will aim to address any issues of intangible cultural heritage that may be affected by the execution and operation of the project.
ESS 9: Financial Intermediaries	<p>There are number of requirements of ESS 9 under the following headings:</p> <ul style="list-style-type: none"> Environmental and Social Management System (Environmental and social policy; Environmental and social procedures; Organizational capacity and competency; Monitoring and reporting); and Stakeholder engagement 	<ul style="list-style-type: none"> No separate policies on projects involved Financial Intermediaries. Projects undertaken through financial intermediaries are subject to the same processes and procedures as any other projects. 		<ul style="list-style-type: none"> Any selected Financial Intermediary (FI) will need to establish and maintain an acceptable environmental and social management system (ESMS).
ESS 10: Stakeholder Engagement and Information Disclosure	<p>There are numbers of requirements of ESS 10 under the following headings:</p>	<ul style="list-style-type: none"> The EPR as amended requires consultations during scoping and a public hearing is 	<ul style="list-style-type: none"> Does not require stakeholder analysis and preparation of stakeholder engagement plan 	<ul style="list-style-type: none"> A Stakeholder Engagement Plan (SEP) has been developed for the project and will be updated as needed.

World Bank ESS requirements		Nepal's policy framework and requirements	Gaps between ESSs and GoN & legal and policy requirements	Gap-Bridging Measures
ESS	Requirements			
	<ul style="list-style-type: none"> • Engagement during project preparation (Stakeholder identification and analysis; Stakeholder Engagement Plan; Information disclosure; Meaningful consultation); • Engagement during project implementation and external reporting; \Grievance mechanism; and; • Organizational capacity and commitment 	<p>required in all projects that require EIA but not for projects that require IEE.</p>	<ul style="list-style-type: none"> • Does not provide for continuous stakeholder engagement/consultations beyond EIA process during construction and operation phase 	<ul style="list-style-type: none"> • An FPIC process should be undertaken followed in consultations with vulnerable or otherwise disadvantaged stakeholders at the activities level.

3.6 Other International Environmental and Social Safeguards Policies

131. Nepal is also a signatory of the International Labor Organization (ILO) Convention 169, United Nations Declaration on the Rights of Indigenous People (UNDRIP), and UN Convention on Biological Diversity and is committed to comply with respective safeguard policies while developing and implementing development policies and programs to the extent relevant to the country context. The proposed project activities invoke these international policies, hence the ESMF should respect and address them to the extent possible.

3.6.1 UNFCCC safeguard principles for REDD+

132. Some of the proposed FFP Project activities will complement the proposed ER program interventions that will help achieve the emission reduction targets of that program. The emission reduction credits generated through the implementation of project activities will be sold to the World Bank under the Carbon Fund of the FCPF. To receive the results-based payments for the emission reduction credits generated, Nepal must comply with UNFCCC safeguards for REDD+, which are also known as Cancun REDD+ safeguards.

133. The REDD+ text agreed in Cancun is part of the “Outcome of the work of the Ad Hoc Working Group on long-term Cooperative Action under the Convention (AWG-LCA)”. Paragraph 70 of the text refers to REDD+ (including conservation of forest carbon stocks, sustainable management of forest and enhancement of forest carbon stocks, the plus part of REDD+). The safeguards are described in paragraph 2 of Appendix I of the AWG-LCA text (UNFCCC, 2011) as follows:

When undertaking the activities referred to in paragraph 70 of this decision, the following safeguards should be promoted and supported:

- i. That actions complement or are consistent with the objectives of national forest programs and relevant international conventions and agreements;*
- ii. Transparent and effective national forest governance structures, taking into account national legislation and sovereignty;*
- iii. Respect for the knowledge and rights of indigenous peoples and members of local communities, by taking into account relevant international obligations, national circumstances and laws, and noting that the United Nations General Assembly has adopted the United Nations Declaration on the Rights of Indigenous Peoples;*
- iv. The full and effective participation of relevant stakeholders, in particular indigenous peoples and local communities, in the actions referred to in paragraphs 70 and 72 of this decision;*
- v. That actions are consistent with the conservation of natural forests and biological diversity, ensuring that the actions referred to in paragraph 70 of this decision are not used for the conversion of natural forests, but are instead used to incentivize the protection and conservation of natural forests and their ecosystem services, and to enhance other social and environmental benefits;*
- vi. Actions to address the risks of reversals; and;*
- vii. Actions to reduce displacement of emissions.*

134. Decisions of the COP to the UNFCCC on its 16th and 17th session (Decisions 1/CP.16 and 2/CP.17) require developing countries participating in the REDD+ initiative under the UNFCCC to meet three fundamental safeguard-related requirements to be eligible for the result-based payments (UNFCCC 2011, 2012):

- i. Cancun REDD+ safeguards: Countries should address and respect the seven Cancun Safeguard Principles throughout the REDD+ process
- ii. Safeguard information system (SIS): Countries should develop a system for providing information on how the Cancun Safeguards are being addressed and respected
- iii. Summary of information: Countries should provide a summary of information on how all the Cancun Safeguards are being addressed and respected throughout the implementation of the REDD+ programs

135. UNFCCC has not provided any guidelines on how the broad seven principles should be respected and addressed. However, seven principles and 20 criteria developed by the UN-REDD program on REDD+ safeguards, known as the Social and Environmental Principles and Criteria (SEPC)¹³ could help to comply with the UNFCCC safeguards as well as World Bank safeguard policies and standards when ER program interventions are implemented in the field.

136. Nepal has interpreted the UNFCCC safeguard principles for REDD+ in a Nepalese context considering its social, environmental, and policy contexts. The interpretation will serve as the foundation for Nepal's country safeguard approach and development of a safeguard information system.

3.6.2 International Labor Organization (ILO) Convention 169

137. ILO Convention 169¹⁴ is another international policy relevant to the proposed project activities because Nepal has signed the ILO convention and committed to apply its policies. The ILO Convention commits governments of signatory countries to adopt special measures as appropriate for safeguarding the persons, institutions, property, labor, cultures, and environment of indigenous peoples. ILO 169 requires assessment of likely impacts of any development interventions on indigenous peoples and states that governments shall ensure that, whenever appropriate, studies are carried out, in cooperation with the peoples concerned, to assess the social, spiritual, cultural, and environmental impacts on them of planned development activities. The results of these studies shall be considered as fundamental criteria for the implementation of these activities.

3.6.3 UN Declaration on the Rights of Indigenous People (UNDRIP 2007)

138. UNDRIP is an international policy safeguarding the rights of indigenous peoples. It encourages member countries to work alongside indigenous peoples to solve global issues, such as development, multicultural democracy and decentralization. UNDRIP sets out the individual and collective rights of indigenous peoples, as well as their rights to culture, identity, language, employment, health, education, and other issues. Being a member country, Nepal is committed to address and respect the UNDRIP and UNDRIP is also applicable for this project.

3.6.4 UN Convention on Biological Diversity:

139. The UN Convention on Biological Diversity and Ramsar convention on wetlands of international importance are also triggered by the proposed project activities. Important protected areas and unique habitats of Asian elephant, Bengal tiger, and some rare antelope are found in the program area. Wetlands around Lumbini, Kapilbastu and some other districts are also of special significance.

¹³<http://www.redd-standards.org/redd-ses/process-for-using-redd-ses>

¹⁴http://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS_171810/lang--en/index.htm

3.6.5 Sustainable Development Goals and the Paris Climate Agreement

140. Being one of the signatories of the UN General Assembly Resolution (A/RES/70/1): Transforming our world: the 2030 Agenda for Sustainable Development; and the Paris Climate agreement, Nepal has obligation to work for the Sustainable Development Goals and to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius as per the Nationally Determined Contributions submitted to the UNFCCC.

Chapter 4 Environmental and Social Impacts of the Project

4.1 Legal requirements

141. The World Bank's ESS 1 requires environmental and social assessment of all projects that are supported by the Bank (Investment Project Financing). Furthermore, Clause 3 (1) of Nepal's Environment Protection Act (2019) requires environmental and social assessment of specific activities in the form of 'A brief Environmental Study', 'Initial Environmental Examination (IEE)' or 'Environmental Impact Assessment' (EIA). Programs/projects that require Brief Environmental Study or IEE or EIA as per the Environment Protection Act are provided in Schedules 1, 2, and 3 of the draft Environment Protection Rules (2020) respectively.

142. The Environment Protection Act (2019) defines environment as 'the interaction and inter-relationship among the components of natural, cultural and social systems, economic and human activities and their components'. 'Initial Environmental Examination' means a report on analytical study or evaluation to be prepared to ascertain whether, in implementing a proposal, the proposal has significant adverse impacts on the environment and whether such impacts could be avoided or mitigated. Similarly, 'Environmental Impact Assessment' is a report on detailed study and evaluation to be prepared to determine whether, in implementing a proposal, the proposal does have significant adverse impacts on the environment and whether such impacts could be avoided or mitigated.

143. The Environment Protection Act does not have specific provisions that require the environmental and social screening of any programs/projects. However, screening is essential to categorize potential risks (High, Substantial, Moderate or Low) to determine whether the proposed programs/projects need to conduct IEE, EIA, and/or another type of social and environmental assessment. Furthermore, the Constitution of Nepal has many provisions related to the environmental and social safeguards that need to be considered when designing and implementing any programs/projects. Similarly, Forest Policy and Forestry Sector Strategy as well as National REDD+ Strategy have many provisions related to the environmental and social safeguards that need to be considered when designing and implementing programs/projects. Consequently, environmental and social screening an important step to categorize the social and environmental risks of proposed programs/sub-projects.

144. There are number of international policies, legal instruments, and safeguard policies and standards that require environmental and social screening of any proposed programs/projects. For Nepal, it is mandatory to fulfil its obligations under various international conventions and agreements that have been ratified by the country as per the Nepal Treaty Act (1990). 'Treaty' is defined in the act as 'an agreement concluded in writing between two or more states, or between any state and any inter-governmental organization and this term also includes any document of this nature, irrespective of how it is designated'.

145. Article 9 of the Act says: "**Treaty Provisions Enforceable as good as Laws:** (1) In case of the provisions of a treaty, to which Nepal or Government of Nepal is a party upon its ratification accession, acceptance or approval by the Parliament, inconsistent with the provisions of prevailing laws, the inconsistent provision of the law shall be void for the purpose of that treaty, and the provisions of the treaty shall be enforceable as good as Nepalese laws. (2) Any treaty which has not been ratified, accede to, accepted or approved by the Parliament, though to which Nepal or Government of Nepal is a party, imposes any additional obligation or burden upon Nepal, or Government of Nepal, and in case legal arrangements need to be made for its enforcement, Government of Nepal shall initiate action as soon as possible to enact laws for its enforcement".

4.2 Potential Environmental and Social Impacts and Mitigation Measures

146. The environmental and social impacts of the project and its activities depend not just on the nature and scale of the activities, but also on the local geography of the area, climate conditions, soil and forest types and their condition, as well as the socio-economic condition of the people living in and around the discrete project sites.

147. Out of the four components of the FFP project, activities coming within Components 2 and 3 will be implemented in 50 Municipalities in Provinces 2 and 5. These activities may have local environmental and social impacts. For other activities of the Project in Component 1 (mainly policy and capacity related interventions) and Component 4 relating to Project management, monitoring and evaluation there are unlikely to be local environmental or social impacts, although some activities e.g. policy-level changes may have some indirect impacts.

148. Participating Municipalities for the Project have not yet selected. Therefore, site-specific assessment of the direct environmental and social impacts of project interventions is not yet possible. In this context, most likely environmental and social impacts of the project activities are explored and suggested mitigation processes and measures to address negative environmental and social impacts are presented in this section.

4.2.1 Component 1: Environmental and Social Impacts

149. Component 1 will deliver policy and capacity-building support for federal structures and process for sustainable forest management and will be implemented by all three levels of government: Federal, Provincial and Local governments. Most of the proposed activities of Component 1 are capacity building support for various stakeholders including Government Staff. Other activities include support for the development and revision of relevant policies, strategies, Acts and Regulations (at Federal, Provincial and Local Government levels).

150. Capacity development activities will have mostly positive environmental and social impacts as enhanced capacity of stakeholders will help designing, implementation and monitoring of development projects in more environmentally friendly way in taking account various social issues related to the project including gender, social inclusion, culture, labor management as well as issues related to the indigenous and vulnerable communities and engagement of all stakeholders throughout the project cycle with meaningful consultations following the principles of FPIC and this ESMF.

151. Activities supporting the development of policies, strategies, Acts and Regulations will also have mostly positive environmental and social impacts as it is expected that new policies, strategies, Acts and Regulations that will be developed and revision of existing policies, strategies Acts and Regulations will have positive environmental and social provisions to ensure safeguards and social inclusion and support in creating enabling environment to the stakeholders associated with forestry sectors. They will also be more gender sensitive, socially inclusive and will address the issues related to the labor management, indigenous and vulnerable communities, culture and stakeholder engagement in implementation. Since this component supports development of policies, plans, acts, regulations, etc. a Strategic Environmental and Social Assessment (SESA) is a more appropriate tool to assess risks and impacts.

152. Table 20 shows the major environmental and social impacts (both positive and adverse) of the activities in Component 1 and indicates (where required) any necessary mitigation measures.

Table 20: Environmental and Social Impacts of Component 1 and Mitigation Measures

Activity	Positive Social Impacts	Positive Environmental Impacts	Adverse Social Impacts	Adverse environmental Impacts	Project Mitigation measures
Policy and strategy development	Inclusion of IPs and other disadvantaged groups in policy process	Provincial and Local Government policies and strategies fully in line with local conditions and priorities	Lack of inclusive engagement in the policy process of disadvantaged groups.	None	Ensuring 'voice' of disadvantaged groups through effective stakeholder engagement
Forest regulations and standards development	Inclusion of IPs and other disadvantaged groups in policy process	Regulations and standards meet international norms e.g. ESSs and Nepal's national standards	Lack of inclusive engagement in the process of disadvantaged groups.	None	Ensuring 'voice' of disadvantaged groups through effective stakeholder engagement
Contribution to Nepal's international commitments	Sharing Nepal's achievements on inclusive CBFM more widely. Providing 'voice' for CBFM beneficiaries.	Sharing Nepal's achievements in reducing forest degradation and environmental conservation more widely and providing 'voice' for beneficiaries	None	None	None required
Forest product certification	Safeguarding social standards in forest product production e.g. SFM	Safeguarding environmental standards in forest product production e.g. SFM	Restrictions on traditional forest product use (especially at household level).	None	Ensure that mandatory certification is primarily for traded products – not household or traditional consumption
Capacity building (technical)	Greater capacity amongst socially excluded groups (and women) on technical forestry issues	Better implementation of environmentally sound practices in SFM	Women and other marginalized groups excluded from 'technical' decision-making	None	Ensure socially inclusive training events

Activity	Positive Social Impacts	Positive Environmental Impacts	Adverse Social Impacts	Adverse environmental Impacts	Project Mitigation measures
Capacity building (governance)	Better awareness across all stakeholder groups of implications of Federalism for the forestry sector. Improved capacity of Local and Provincial Governments to take socially and environmentally appropriate decisions.	More environmentally sound decision-making by Local and Provincial Governments and of their responsibilities in the forest sector	Lack of involvement of women and marginalized groups in capacity building events	None	Project support will ensure that there is greater understanding of the social and environmental responsibilities of all levels of government under the Federal system.
GESI strategy and action plan development	Greater awareness and gender-positive decision-making in the forestry sector	Women with greater awareness, capacity and decision-making roles for forest sector environmental issues	None	None	Project will ensure that GESI implications are built into forest sector systems and institutions.
ESMF and safeguards capacity building	Ability of all groups to understand and implement ESMF with benefits for socially excluded groups	Ability of all groups to understand ESMF with environmental safeguards being implemented	Lack of involvement of women and marginalized groups in capacity building events	None	Ensure social inclusion in ESMF capacity development events
GRM implementation	Ability of marginalized and excluded groups to raise 'voice' regarding project-related issues	Environmental issues able to be tackled through a formal redress process	None	None	Project will support GRM throughout its duration building on existing systems (e.g. Local Government Judicial Committees) to ensure effective

Activity	Positive Social Impacts	Positive Environmental Impacts	Adverse Social Impacts	Adverse environmental Impacts	Project Mitigation measures
					institutionalization of GRM
MIS development	Better data sharing on social aspects of the forest sector leading to more socially appropriate decision-making	Better data sharing on environmental aspects of the forest sector leading to more socially appropriate decision-making	Lack of disaggregated data e.g. on gender, other social groupings leading to biased decision making	Lack of some kinds of environmental information in the MIS system	System to be developed so that it is comprehensive enough to capture all critically necessary social and environmental indicators and measures
Guidelines for local government land use planning and sector planning	Participation of disadvantaged and excluded communities in Local Government decision-making through deliberative processes	Environmental considerations and safeguards taken into consideration in Local Government land use and forest sector planning processes	Exclusion of IPs and other disadvantaged groups in critical decision-making processes	Economic or politically favorable decisions may have adverse environmental impacts	Project guidelines will support deliberate and inclusive decision making based on evidence and a formal, transparent process.
EA guidelines and standards development	None	Application of best practices in environmental standards for forestry	Social impacts may be marginalized at the expense of maintaining environmental standards	None	Ensuring a balance between environmental and social requirements of standards and guidelines
Capacity support for M&E	Better awareness and accountability of socially disadvantaged groups on project activities	Ongoing monitoring of environmental issues relating to project activities	Lack of involvement of women and marginalized groups in capacity building events	None	M&E system to encompass social and environmental monitoring indicators
Capacity support for financial management	Potential for GESI sensitive budgeting	None	Lack of involvement of women and marginalized	None	Ensure social inclusion in financial capacity development and

Activity	Positive Social Impacts	Positive Environmental Impacts	Adverse Social Impacts	Adverse environmental Impacts	Project Mitigation measures
			groups in capacity building events		support provision (i.e. not just men)
Support for Forest, Environment & Disaster Sections of Municipalities	<p>Deliberative decision-making by Local Governments will favour social inclusion and use of evidence.</p> <p>Capacity, tools and resources for Local Governments to engage better with civil society including communities, IPs and other groups</p>	Deliberative decision-making by Local Governments bringing together environmental decision-making e.g. links between forest, climate, disaster etc.	Lack of involvement of women and marginalized groups in Local Government Forest, Environment and Disaster sections.	None	Support for social inclusion and engagement of women in Local Governments
Support for activities linking with DGM (through FE&D Sections)	Strengthening the role of IPs and communities in project and forest sector decision-making by enhancing capacities and awareness	Greater awareness of environmental issues from the perspective of IPs and communities relating to forest sector.	Potential elite capture of DGM supported sub-projects and/or other activities	None	Adoption by DGM project of this ESMF and any relevant practices, systems and procedures coming out of its application

4.2.2 Component 2 Environmental and Social Impacts

153. Component 2 is for Community-based Sustainable Forest Management and Forest Plantations. The activities will be mainly implemented by CBFM groups with support from local service providers or sub-divisions of the Provincial Forest Directorate.

154. Local Governments will provide support for a range of activities via established CBFM groups of various kinds and with the support of local service providers. Table 21 describes the social and environmental impacts of these Component 2 activities and identified mitigation measures that will be implemented by the project to address and monitor adverse impacts. Other activities will be supported by Provincial Governments through the DFOs and sub-divisional offices of the Forest Directorates.

155. Most of the activities in Project Component 2 have been developed out of several decades of CBFM experiences in Nepal. CBFM has many features (many of which are now enshrined in government guidelines) for ensuring gender and social inclusion in CBFM group activities and for equitable benefit sharing. To some extent these will ensure that adverse social impacts of Component 2 activities will be avoided. In addition, several activities have been included in the project that are specifically targeted for poor, socially excluded and disadvantaged households including women-headed. These include:

- Leasehold Forest Management (for poorer households)
- Land allocation inside community forests (for poor, women, Dalits and landless households)
- Public land management groups (for women, Dalits and poor in the Terai)
- Forest product distribution (through Collaborative Forest Management Groups) for distant user households – normally in the southern part of the Terai.

156. In addition, CBFM groups will receive governance training and coaching from service providers focusing on ensuring that groups follow equitable and socially inclusive benefit sharing practices.

Table 21: Environmental and Social Impacts of Component 2 Activities and Mitigation Measures

Activity	Positive Social Impacts	Positive Environmental Impacts	Adverse Social Impacts	Adverse environmental Impacts	Project Mitigation measures
Group formation & handover of forest (to new CF and CFM groups) including operational plan and constitution preparation	<p>Community coherence and 'voice' over management of a common resource.</p> <p>Long-term benefits from forest products and environmental services</p>	<p>Forest conservation and reduced forest degradation (based on +30 years of best practice).</p> <p>Enhanced environmental services</p>	<p>Possible exclusion or omission of disadvantaged groups/households during the handover and group formation process due to elite capture.</p>	<p>None</p>	<p>Ensure strict adherence to CF guidelines for this which aim to ensure no social exclusion.</p> <p>Service providers to provide social mobilization role during group formation.</p>
Sustainable Forest Management Plan Preparation for existing CF and CFM groups	<p>Increased output of forest products to bring group incomes and benefits.</p>	<p>Managed forest will be biologically more diverse and productive.</p> <p>Control of invasive and alien species.</p> <p>Reduction in illegal activities due to enhance availability of forest products.</p> <p>Enhanced carbon sequestration.</p>	<p>Possible exclusion of disadvantaged groups from access to forest products e.g. charcoal, fuelwood, medicinal plants or traditional grazers.</p> <p>Forest management viewed as a 'technical' or professional role which excludes many local people including women and disadvantaged social groups.</p> <p>Shift towards timber production for commercial benefits</p>	<p>Potential to shift forest composition towards monocultures by favoring most valuable species in forest management planning.</p> <p>Sal (<i>Shorea robusta</i>) tree species (hard wood timber) focused management leading to disappearance of soft wood species (useful for many other purposes e.g. wood carving, furniture, beehive)</p>	<p>Ensure that capacity for forest management planning is not exclusive to trained foresters.</p> <p>Management plans to make provision for local needs as well as commercial forest products.</p> <p>Management plan to ensure provisions for biodiversity conservation and enhancement and meeting approved standards and guidelines.</p> <p>New and revised constitutions and</p>

Activity	Positive Social Impacts	Positive Environmental Impacts	Adverse Social Impacts	Adverse environmental Impacts	Project Mitigation measures
			rather than for local and/or subsistence use. Carbon benefits for communities not realized.		operational plans are subject to Strategic Environmental and Social Assessment (SESA)
Leasehold forest group formation and handover OP & constitution preparation including operational plan and constitution preparation	Access to forest resources and use of forest land for poor and disadvantaged households	Forest conservation and reduced forest degradation (based on +30 years of best practice). Enhanced environmental services	Possible elite capture	Promotion of exotic forage, fodder and tree species in leasehold forest affects/impacts biodiversity	Ensure strict adherence to LHF guidelines for this which aim to ensure no social exclusion. Service providers to provide social mobilization role during group formation.
Capacity support for CBFM groups on gender and social inclusion	Enhanced voice and capacity for disadvantaged and marginalized groups. More equitable benefit-sharing within CBFM groups. Greater awareness amongst other group members of GESI issues leading to enhance group governance.	Less conflict within groups resulting in more effective forest conservation and management.	None	None	Ensure that service providers are carrying out this capacity building role effectively.

Activity	Positive Social Impacts	Positive Environmental Impacts	Adverse Social Impacts	Adverse environmental Impacts	Project Mitigation measures
Land allocation with fodder management and NTFPs and livestock support inside CBFM areas (for Dalits/women)	Direct benefits from the forest for disadvantaged groups especially Dalits and women-headed households	Enhanced forest conservation and environmental services	Potential elite capture by non-poor, non-Dalit	Loss of natural <i>regeneration</i> due to cultivation of NTFPs such as lemon grass, citronella etc.	Process to be carefully managed by experienced service providers with subsequent monitoring by CBFM groups themselves and by service providers
Safety and security fund for CBFM groups	Provision for disadvantaged households/groups at times of crisis. Through fund matching by local governments, enhanced financial resources flowing to disadvantaged households.	Nothing specific, although households may become less dependent on damaging practices with enhanced security e.g. illegal harvesting	Potential for elite capture.	None	Ensure careful management of this by Local Governments, supported and monitored by service providers and keeping in place an effective GRM in cases of dispute.
SFM demonstrations by CBFM groups.	Capacity development on SFM for a wide range of stakeholders including disadvantaged groups and women.	More effective ways to implement SFM through learning by doing.	Shift towards timber production for commercial benefits rather than for local and/or subsistence use.	Potential to shift forest composition towards monocultures by favoring most valuable species in forest management planning	Effective capacity support by sub-division staff and service providers.
Plantation/agroforestry establishment (private land) with gender incentive	Asset creation for smallholder farmers with future income from timber sales.	Increased tree cover with resulting environmental services and carbon sequestration.	Reduced labor requirements compared with arable cultivation may lead to loss of	Preferred species for planting not necessarily native e.g. eucalyptus, teak. Potential for	Project only to provide support for non-invasive species.

Activity	Positive Social Impacts	Positive Environmental Impacts	Adverse Social Impacts	Adverse environmental Impacts	Project Mitigation measures
	<p>Incentive structure designed to transfer ownership to joint husband/wife will benefit women in the longer term and if husbands are absent.</p>	<p>Increases supplies of timber for the future and reduces the pressure on natural forests.</p>	<p>incomes for landless households.</p> <p>May lead to fragmentation of agricultural land and loss of food security if too many plantations are established.</p> <p>Only landowners can directly benefit from this (not landless)</p>	<p>groundwater impacts in some locations.</p>	<p>Only smallholder plantations supported (not on large scale).</p> <p>Landless households provided with access to public land (PLMGs) as a possible alternative.</p>
<p>Pilot project for smallholder plantation certification e.g. W+, Plan Vivo, etc.</p>	<p>System for certifying that environmental service (carbon benefits) benefits reach grassroots landowners and that benefits are equitably distributed.</p>	<p>Increased tree cover with resulting environmental services and carbon sequestration.</p> <p>Increases supplies of timber for the future and reduces the pressure on natural forests.</p>	<p>Reduced labor requirements compared with arable cultivation may lead to loss of incomes for landless households.</p> <p>Only landowners will benefit from this activity.</p>	<p>Preferred species for planting not necessarily native e.g. eucalyptus, teak. Certification schemes will ensure that internationally recognized social and environmental standards are applied.</p>	<p>Project only to provide support for non-invasive species (W+ and PV standards require this also).</p> <p>Only scattered smallholder plantations are being supported (but not on a large enough scale to have groundwater impacts).</p> <p>Landless households provided with access to public land (PLMGs) as a possible alternative</p>

Activity	Positive Social Impacts	Positive Environmental Impacts	Adverse Social Impacts	Adverse environmental Impacts	Project Mitigation measures
Group establishment & capacity support for public land management groups (Terai)	<p>Access to land for agroforestry and tree planting for the poorest and most vulnerable groups in the Terai.</p> <p>Increased incomes especially for women-headed households.</p>	Increased tree cover with resulting environmental services and carbon sequestration	<p>None. Although this activity may prevent land-grabbing by larger landowners.</p> <p>Bringing public land previously used as grazing land into agroforestry/ plantation invites conflict among PLMGs and local community</p>	Preferred species for planting not necessarily native e.g. eucalyptus, teak. Potential for groundwater impacts in some locations	<p>Service providers have a key role to identify the beneficiary households, technical support and monitoring.</p> <p>PLMGs produce forage and fodder trees together with other crops in public land and sell it to local community</p> <p>Allocate other parts of the public land for grazing purpose until the plantations are established</p>
Soil & water conservation linked with PLMGs	This will enhance climate resilience for the poorest households who are members of PLMGs.	Flood control and reduced land loss and soil erosion in flood prone areas adjacent to Terai rivers.	None	None	Careful design to activities to ensure that they only have positive benefits.

Table 22: Environmental and Social Impacts of Component 3 Activities and Mitigation Measures

Activity	Positive Social Impacts	Positive Environmental Impacts	Adverse Social Impacts	Adverse environmental Impacts	Project Mitigation measures
<p>Preparation and implementation of landscape-level sustainable harvesting plans for CBFM areas.</p>	<p>Employment for local people leading to cash incomes and 'green jobs' resulting in less out-migration.</p>	<p>Managed forest will be biologically more diverse and productive.</p> <p>Control of invasive and alien species.</p>	<p>Safety and health non-compliance may create a risk for forest workers.</p> <p>Possibility for limited work opportunities for women and disadvantaged groups.</p>	<p>Harvested areas may not generate well unless strictly protected.</p> <p>Invasive species may prevent natural regeneration.</p> <p>Selection of the best timber trees for harvesting may change the natural forest biodiversity.</p> <p>Possibility of overharvesting or uncontrolled harvesting leading to forest degradation.</p> <p>Potential for oil & fuel spillages and noise pollution during harvesting.</p> <p>Potential for extraction damage during harvesting.</p>	<p>Experience has shown that established CBFM groups have sufficient internal controls to avoid damaging practices.</p> <p>All harvesting will only take place on the basis of approved harvesting plans with EA's carried out as required.</p> <p>Post-harvesting control of invasive species if required.</p> <p>Training for workers (including women) to improve health and safety standards and to develop specific skills in timber harvesting and including proper disposal and management of fuel/oils.</p> <p>Harvesting not permitted in identified biological 'hotspots' in the forest or</p>

Activity	Positive Social Impacts	Positive Environmental Impacts	Adverse Social Impacts	Adverse environmental Impacts	Project Mitigation measures
					<p>in important cultural areas.</p> <p>Timber harvesting and extraction only take place during dry seasons to avoid soil damage and compaction.</p>
Sawmills and furniture/wood manufacturing	Employment for local people especially poor and disadvantaged households leading to cash incomes and 'green jobs' resulting in less out-migration.	More efficient utilization of wood and other forest products will reduce pressure on forests for illegal logging.	<p>Safety, health non-compliance and poor working conditions may create a risk for workers.</p> <p>Workers exploitation (including sexual exploitation of female workers)</p> <p>Low paid jobs for poor people</p>	<p>Noise pollution</p> <p>Wood waste disposal/dust</p> <p>Fire hazards</p>	<p>Use wood waste for fuel</p> <p>Personal protective equipment will be provided for operators e.g. masks, dust filters ear muffs.</p> <p>Selection of enterprises for support depends on criteria including a framework to ensure labor conditions and provisions for preventing GBV in the workplace.</p> <p>Investing in fire extinguisher or similar equipment is an important strategy in addressing fire hazards</p>

Activity	Positive Social Impacts	Positive Environmental Impacts	Adverse Social Impacts	Adverse environmental Impacts	Project Mitigation measures
Veneer production	Employment for local people especially poor and disadvantaged households leading to cash incomes and 'green jobs' resulting in less out-migration.	More efficient utilization of wood and other forest products will reduce pressure on forests for illegal logging.	Safety, health non-compliance and poor working conditions may create a risk for workers/employees Workers exploitation (including sexual exploitation of female workers) Low paid jobs for poor people	Possibility of Noise and dust pollution and wood waste disposal/dust.	Personal protective equipment will be provided for operators e.g. masks, dust filters ear muffs. Enclose machinery Regular maintenance of machinery Increase conversion efficiency by modern equipment and operator skills training Use wood waste for fuel Skills training to prevent accidents.
Plywood manufacture	Employment for local people especially poor and disadvantaged households leading to cash incomes and 'green jobs' resulting in less out-migration.	More efficient utilization of wood and other forest products will reduce pressure on forests for illegal logging.	Safety, health non-compliance and poor working conditions may create a risk for employees/ workers Workers exploitation (including sexual exploitation of female workers)	Noise and air pollution. Emission issues from dust particles, veneer dryers and adhesives Fire hazards	Selection of enterprises for support depends on criteria including a framework to ensure labor conditions and provisions for preventing GBV in the workplace. Personal protective equipment will be provided for operators

Activity	Positive Social Impacts	Positive Environmental Impacts	Adverse Social Impacts	Adverse environmental Impacts	Project Mitigation measures
			Low paid jobs for poor people	Possibility of non-sustainable harvesting leading to deforestation and impact on the eco-system	<p>e.g. masks, dust filters ear muffs.</p> <p>Enclose machinery</p> <p>Regular maintenance of machinery</p> <p>Investing in fire extinguisher or similar equipment is an important strategy in addressing fire hazards</p> <p>Increase conversion efficiency by modern equipment and operator skills training</p> <p>Use wood waste for fuel</p>
Wood treatment	Employment for local people especially poor and disadvantaged households leading to cash incomes and 'green jobs' resulting in less out-migration.	More efficient utilization of wood and other forest products will reduce pressure on forests for illegal logging.	<p>Safety , health non-compliance and poor working conditions may create a risk for employees/workersWorkers exploitation (including sexual exploitation of female workers)</p> <p>Low paid jobs for poor people</p>	<p>Wastewater generation and management.</p> <p>Disposal and leakage of chemical to ground water and rivers</p> <p>If required, a Pest Management Plan (PMP) which is applied for activities related to use, handling and storage of pesticides and herbicides in a manner that</p>	<p>Containment of waste water to prevent leaching</p> <p>Operator training in handling chemicals</p>

Activity	Positive Social Impacts	Positive Environmental Impacts	Adverse Social Impacts	Adverse environmental Impacts	Project Mitigation measures
				avoids/minimizes impacts on human health and the environment will be prepared.	
Wood seasoning (drying)	Employment for local people especially poor and disadvantaged households leading to cash incomes and 'green jobs' resulting in less out-migration.	More efficient utilization of wood and other forest products will reduce pressure on forests for illegal logging.	Safety , health non-compliance and poor working conditions may create a risk for employees/ workersWorkers exploitation (including sexual exploitation of female workers) Low paid jobs for poor people	Increasing on-site wood fuel consumption Fire hazards	Investing in fire extinguisher or similar equipment is an important strategy in addressing fire hazards
Bamboo product manufacturing	Employment for local people especially poor and disadvantaged households leading to cash incomes and 'green jobs' resulting in less out-migration.	More efficient utilization of wood and other forest products will reduce pressure on forests for illegal logging.	Safety , health non-compliance and poor working conditions may create a risk for employees /workersWorkers exploitation (including sexual exploitation of female workers) Low paid jobs for poor people	Wood waste disposal/dust	Use waste wood for fuel Personal protective equipment will be provided for operators e.g. masks, dust filters ear muffs.

Activity	Positive Social Impacts	Positive Environmental Impacts	Adverse Social Impacts	Adverse environmental Impacts	Project Mitigation measures
Paper making	Employment for local people especially poor and disadvantaged households leading to cash incomes and 'green jobs' resulting in less out-migration.	More efficient utilization of wood and other forest products will reduce pressure on forests for illegal logging.	Safety , health non-compliance and poor working conditions may create a risk for employees /workersWorkers exploitation (including sexual exploitation of female workers) Low paid jobs for poor people	Wastewater generation and management Solid waste generation and management Atmospheric Emissions Noise pollution	Project would not support large-scale paper making. Other measures include containment of waste water to prevent leaching and wastewater treatment. Use of air-filters and scrubbers Personal protective equipment will be provided for operators e.g. masks, dust filters ear muffs. Enclose machinery to reduce noise.
Resin processing	Employment for local people especially poor and disadvantaged households leading to cash incomes and 'green jobs' resulting in less out-migration.	More efficient utilization of wood and other forest products will reduce pressure on forests for illegal logging.	Safety , health non-compliance and poor working conditions may create a risk for employees/workersWorkers exploitation (including sexual exploitation of female workers)	Wastewater generation and water pollution (organic compounds) Disposal and leakage of chemicals	Containment of waste water to prevent leaching Wastewater treatment Personal protective equipment will be provided for operators e.g. masks, dust filters ear muffs.

Activity	Positive Social Impacts	Positive Environmental Impacts	Adverse Social Impacts	Adverse environmental Impacts	Project Mitigation measures
			Low paid jobs for poor people		
'Cutch' processing (from Acacia catechu)	Employment for local people especially poor and disadvantaged households leading to cash incomes and 'green jobs' resulting in less out-migration.	More efficient utilization of wood and other forest products will reduce pressure on forests for illegal logging.	Safety , health non-compliance and poor working conditions may create a risk for employees /workersWorkers exploitation (including sexual exploitation of female workers) Low paid jobs for poor people	Wastewater generation and water pollution (organic compounds) Atmospheric Emissions Wood waste disposal/dust Noise pollution	Containment of waste water to prevent leaching Wastewater treatment Use of air-filters and scrubbers Use wood waste for fuel Personal protective equipment will be provided for operators e.g. masks, dust filters ear muffs. Enclose machinery
Essential oil distillation	Employment for local people especially poor and disadvantaged households leading to cash incomes and 'green jobs' resulting in less out-migration.	More efficient utilization of wood and other forest products will reduce pressure on forests for illegal logging.	Safety , health non-compliance and poor working conditions may create a risk for employees/ workersWorkers exploitation (including sexual exploitation of female workers)	Excessive firewood consumption leading to overcutting from nearby forests. Smoke pollution.	Ensure the firewood (if used) comes from sustainable managed forests. Personal protective equipment will be provided for operators

Activity	Positive Social Impacts	Positive Environmental Impacts	Adverse Social Impacts	Adverse environmental Impacts	Project Mitigation measures
			Low paid jobs for poor people		e.g. masks, dust filters ear muffs.
Bio-briquette making	Employment for local people especially poor and disadvantaged households leading to cash incomes and 'green jobs' resulting in less out-migration.	More efficient utilization of wood and other forest products will reduce pressure on forests for illegal logging.	Safety , health non-compliance and poor working conditions may create a risk for employees/ workersWorkers exploitation (including sexual exploitation of female workers) Low paid jobs for poor people	Wood waste disposal/dust	Personal protective equipment will be provided for operators e.g. masks, dust filters ear muffs.
Chiuri-based enterprises incl. beekeeping	Employment for local people especially poor and disadvantaged households leading to cash incomes and 'green jobs' resulting in less out-migration.	More efficient utilization of wood and other forest products will reduce pressure on forests for illegal logging.	Safety , health non-compliance and poor working conditions may create a risk for employees/ workersWorkers exploitation (including sexual exploitation of female workers) Low paid jobs for poor people	None	

Activity	Positive Social Impacts	Positive Environmental Impacts	Adverse Social Impacts	Adverse environmental Impacts	Project Mitigation measures
Cold storage facility for NTFPs	Employment for local people especially poor and disadvantaged households leading to cash incomes and 'green jobs' resulting in less out-migration.	More efficient utilization of wood and other forest products will reduce pressure on forests for illegal logging.	<p>Safety , health non-compliance and poor working conditions may create a risk for employees /workers.</p> <p>Workers exploitation (including sexual exploitation of female workers)</p> <p>Low paid jobs for poor people</p>	None	
Phytosanitary lab. for testing	Employment for local people especially poor and disadvantaged households leading to cash incomes and 'green jobs' resulting in less out-migration.	More efficient utilization of wood and other forest products will reduce pressure on forests for illegal logging.	Skilled employment opportunities may not be available to local people.	None	Preference to supporting enterprises that provide training opportunities for local workers to develop skills.

4.2.3 Component 3 Environmental and Social Impacts.

157. Activities under Component 3 will be implemented at Federal, Provincial and Local levels to support sustainable forest harvesting by CBFM groups and for establishment, development, operation and improvement of forest-based small and medium enterprises utilizing the forest products that will be generated. Activities include capacity building support through various trainings and to develop different plans such as harvesting plans with associated environmental assessments and for development of business plans for SMEs to enable them to access the credit line that will be developed by the project¹⁵.

158. It is not yet possible to determine exactly the type and scale of forest-based enterprises that will benefit from project support. In general, it is expected that these will be SMEs, i.e. not micro-sized household enterprises and not very large-scale enterprises, e.g. pulp and paper mills. Development of the credit line will include the criteria for providing the credit including the type and scale of the concerned enterprises. However, the criteria will be based on the ESMSs of the financing institutions involved and will include a series of mitigation and management measures, to ensure that social and environmental standards are applied throughout the life of the business opportunities being supported.

159. Forest-based enterprises of different types will have potential adverse environmental and social impacts. These are described in Table 22. Since these impacts will depend on the type and scale of the industries that will be established or improved under this component, detailed Environmental and Social Impact Assessments of the forest-based industries that will benefit from the Project are expected to be conducted before support is provided. Appropriate monitoring procedures will also be put in place. Preparation of an Environmental and Social Assessment for each supported enterprise will be one of the eligibility criteria for accessing finance from the project. Mitigation measures are identified in Table 22 although for sub-component 3.2 this is done in a notional way and may need further refinement once the FIs for this sub-component are selected.

160. In all cases, selection of enterprises for receiving project support through access to credit will depend on an agreed framework and plan for the enterprise to ensure safe working conditions, prevention of gender based violence and sexual exploitation, provision of all necessary safety equipment and commitment to support skills and capacity development for local people – especially for women and other disadvantaged groups. Without this, the project will not agree to support the enterprise. Specific gender-related impacts and risks along with potential mitigation measures that were identified and observed in Forest-Based Enterprise during ESMF preparation through site visits and consultations are further detailed in Table 23. This covers specifically components 2 and 3 of the project.

4.2.4 Component 4 Environmental and Social Impacts

161. Component 4 of the project is related to project management, governance and monitoring. The activities implemented under this component will not have any direct environmental or social impacts.

¹⁵ The project sub-component involving the provision of support by FIs to SMEs/ FBEs will be covered the ESMSs established and maintained by the FIs themselves.

Table 23: Gender and Social Impacts and Mitigation Measures

Type of Activity	Gender impacts	Social Impacts on disadvantaged and vulnerable groups	Mitigation Measures
<p>1. Forest-based Enterprise: Plywood enterprise/industry (observations at Shikhar Plywood - nationally recognized industry)</p>	<p>Plywood and wood enterprises are predominantly male-owned and operated.</p> <p>In the entire chain men are heavily engaged from wood processing, veneer making to as a harvesters and transporters.</p>	<p>Safety gear and equipment for laborers was not provided. Mask, gloves and aprons must be provided and use must be mandatory.</p> <p>Most of the skilled labor comes from India.</p> <p>Skill transfer/training of Nepali workers not given priority by employer</p> <p>Migrant labor was less organized compared to domestic workers.</p>	<p>Project to carry our gender integrated value chain analysis and targeted intervention to engage more women in the value chain of plywood, furniture and other FBEs</p> <p>To achieve 40% women’s participation in FBEs, technology training, skill training, access to information, gender sensitive workplace rules and regulations will be included as a part of capacity building to cater for the demand for skilled labor and professional human resources that is needed in a modern wood based industry and in a time of scarcity of skilled male labor due to migration.</p> <p>Mandatory provision of safety gear like aprons, gloves, masks, boots for workers in project supported enterprises</p> <p>Mandatory provision of adequate lighting, toilets for male and female workers and hygienic workplaces in project financed enterprises</p>
<p>2. Forest-Based Enterprise: Aswogandha and other essential oil and herb processing enterprises</p>	<p>Export oriented to US, India, China and other countries.</p> <p>Women were engaged as primary farmers cultivating in private farm, patches of leasehold forest and community forest and as NTFP collectors from community forests.</p>	<p>Sanitation and hygiene was taken care of in visited enterprise site as product was meant for export to US.</p> <p>Was not the same case with other essential oil enterprises which were catering to domestic market or for India</p>	<p>Mandatory provision of safety gear like aprons, gloves, masks, boots for workers in project supported enterprises</p> <p>Mandatory provision of adequate lighting, toilets for male and female workers and hygienic workplaces in project financed enterprises</p>

Type of Activity	Gender impacts	Social Impacts on disadvantaged and vulnerable groups	Mitigation Measures
		Both women and men are need technical skills, training on organic farming of herbs for oil processing, proper harvesting technique, market access and business development training and negotiation skill.	
<p>3. Forest-Based Enterprise: Bio Briquette /Pallet enterprise /compressed wood board (optimum utilization of wood residue/twigs, invasive species)</p> <p>Enterprise has good potential for FFP Project since SFM generates woody twigs, residues and biomass.</p> <p>This type of FBE is needed for optimum utilization of these forest residues to produce energy and substitute LPG gas imports.</p>	<p>Women particularly rural women will directly benefit from this in various aspect health wise, (less use of firewood and dry cow dung for cooking, no indoor pollution, risk of respiratory diseases in women and children) moneywise and time saving due to reduction of work load in collecting fire wood and dung cake making.</p> <p>With time saving women can equally engage with men in income earning opportunity with in this sector as a wage laborer, collectors, skilled workers and entrepreneurs.</p>	<p>There are positive social and gender impacts of these enterprises such as reducing indoor air pollution and respiratory diseases in women and children, substituting fossil fuel (LPG) gas imported from India for cooking and even for commercial purpose, and optimum utilization of forest residue and invasive spices.</p> <p>No social risk or negative impact</p>	<p>Women and other disadvantaged /vulnerable social groups can be involved in skill training, wage employment and business service providers for these industries.</p>
<p>4. Forest-Based Enterprise: Kathha Enterprise</p>	<p>Predominantly male centric, from raw material (Khyar tree) felling to Kattha making process. Export oriented for Indian market.</p> <p>Huge amount of Khayar tree was needed to produce Kathha biscuit used mainly for producing ‘pan’ and ‘pan masala’ in India and also for tanning leather.</p>	<p>Huge safeguard issues observed in relation to laborers. No masks, aprons or gloves were provided to workers. Very dark and dirty work space in the factory premises and hygiene standard was not maintained at all.</p> <p>No waste management plan was observed in the factory premises, causing health hazards to workers</p>	<p>All measures as in #1 will be applied</p>

Type of Activity	Gender impacts	Social Impacts on disadvantaged and vulnerable groups	Mitigation Measures
		and nearby community from pollutants produced in this process.	
<p>5. Forest-Based Enterprise: Hi-Tech Private Nursery/Government Nursery for mass scale seedling production</p>	<p>During on-site discussions women were very keen to learn and engage in seedling production business.</p> <p>Promote private nursery and encourage farmers (both women and men) to be entrepreneurs in mass scale seedling production.</p> <p>Huge gap in demand and supply of seedlings especially in the Terai with low forest coverage.</p>		<p>Need to empower Women and unemployed Youth. Provide training on leadership, negotiation, dealing with government, market middlemen as well as business development and skills training in hi-tech nursery development as an entrepreneur.</p> <p>Simultaneously government nursery seedling production capacity needs to be enhanced with hi-tech examples drawn from India</p>

Type of Activity	Gender impacts	Social Impacts on disadvantaged and vulnerable groups	Mitigation Measures
<p>6. Smallholder Plantations on private land.</p>	<p>Support for plantations on private land will inevitably favor landowners who can afford to place some of their landholding under plantations.</p> <p>Since land title is normally held by men there is risk of this activity becoming male centric.</p>	<p>Private plantation of trees is rising at the potential risk of abandoning agriculture practices and importing food grains with remittance money from India.</p> <p>Nutrition and food self-sufficiency issues and overall wellbeing of household members with money used in buying imported food are triggered in both Terai and Hills alike.</p>	<p>Utilize fruit trees in smallholder plantations on private lands to mitigate negative impacts related to nutrition. There is a huge demand in both provinces for fruit tree e.g. mango, lychee, jackfruit etc.</p> <p>In food scarce sites agro-forestry models will mitigate negative health and nutrition impacts and give earlier returns</p> <p>Subsidies for plantations will be adjusted to favor joint ownership of land by males/females in a household to encourage transfer of title. There are incentives provided by government as well to register private land in the name of women like low registration tax</p> <p>Soft wood trees should be placed and promoted as agriculture products and or forest product (depending on the need) and tree farming on private land needs to be encouraged with species like eucalyptus, teak, lahare pipal (Populus sp.) and others.</p> <p>Provide technical support both women and men smallholders.</p>

Type of Activity	Gender impacts	Social Impacts on disadvantaged and vulnerable groups	Mitigation Measures
<p>Community based forest management:</p> <p>Women in leadership roles for forest management</p> <p>Women are holding leadership position in community forestry due to positive policy provision of having at least 50% in executive committee and 50% in membership.</p> <p>Quantitatively they are visible but improving quality of leadership with control is an area of intervention.</p>	<p>In many case women are shadow leaders and males are leading and controlling from behind in their name.</p> <p>Policy provisions can have positive influence for women in CFM</p>	<p>Gender specific risk for women in leadership of forest management esp. of violence and abuse both psychological and physical</p>	<p>Joint gender awareness and sensitization training for couples, training elderly women from household eg. Mother-in-law and male community motivators /influencers about negative impact of gender-based discrimination and violence on household, community and society at large.</p> <p>Leadership development and financial management training for women leaders from CBFM groups</p> <p>Project GRM has been developed. Its effective implementation will be ensured</p>
<p>Community based forest management:</p> <p>Human-Wildlife Conflict in adjoining villages of PAs and community and collaborative forests</p>		<p>Huge issue of safety and life security for women, men and especially children. Life threatening conflict between human and wildlife. Issues of wild boars, <i>nilgai</i> and elephants destroying agricultural crops and killing/hurting local people in the Terai.</p> <p>In the Mid-hills there is an issue of leopards killing people especially children and monkeys destroying agricultural crops and hurting children and old people.</p> <p>Human wild life conflict has reached to the stage of negative feeling towards the need of protecting forest at the cost of loss of human life and destroying their livelihoods</p>	<p>License hunting of wild boars, huge demand in local and national market for meat.</p> <p>Effective and quick compensation mechanisms for loss of life and injuries by wildlife</p> <p>Provide alternative livelihood options for local communities in adjoining villages since farming of crops is getting difficult due to human-wildlife conflicts.</p>

Type of Activity	Gender impacts	Social Impacts on disadvantaged and vulnerable groups	Mitigation Measures
		without its productive use and benefits to the local communities.	
<p>Public land plantation and management</p> <p>In Terai district of Dhansa, Rautahat, Mahottari where there is low coverage of natural forest huge potential and interest of people and provincial authority for plantation in public lands and especially along river banks.</p>		Until now there is a conflict between DFOs, Local Governments and Communities concerning sale of wood and trees from public land planted some 10-12 years ago in Bara, Parsa during SNVs BISEP-ST project.	<p>Establish clear benefit sharing mechanisms for public land with attention to poor, women Dalits, IPs, Madhesis and those with little or no access to Forest resources</p> <p>Targeted IGA/enterprise activities in public land management groups for socially disadvantaged / poor/landless group of Mushar, Jangad, Dhanuk, Tharus and similar groups in both provinces who are less benefitting from forest</p>
<p>Use of subsistence forest products</p> <p>Livelihoods and living style of people has changed with foreign migration and remittance money in Terai and Hills alike.</p>	Low relevance of fire wood and fodder from forest. Even poor people use LPG gas stoves for cooking and livestock are not reared in big numbers due to labor shortage.	<p>Low use/no use of fire wood and fodders by local community people</p> <p>Question on relevance of subsistence-based forest management and low interest of local community to engage in forest management and conservation without economic benefits</p>	<p>Supportive FFP project activities to continuously engage local community and women in forest conservation, management to optimize income and employment related benefits.</p> <p>Focus of the project will be on productive use of forest along with plantation and conservation</p> <p>Forest land allocation in Community forest and collaborative forest for Dalits/Landless Poor for productive IGA/enterprise-based work.</p>

Type of Activity	Gender impacts	Social Impacts on disadvantaged and vulnerable groups	Mitigation Measures
<p>Migration – labor shortage</p> <p>From every rural and semi-urban household of Dhanusha, Mohottari, Sarlahi, Banke and even in hills areas of Palpa, Dang and Arghakachi at least 2 -4 adult males are working as migrant labor in Arab countries, Malaysia and India.</p> <p>Recently women are also migrating either legally or are being trafficked illegally</p>	<p>By default, adult women and teenage children are left to look after household, forest, farm, child care and other unpaid work.</p>	<p>Protect women from time poverty and avoid overwhelming them with unpaid forest management and conservation work.</p>	<p>Women focused /Targeted paid project activities</p> <p>Recognize, Remunerate, Reduce and Redistribute unpaid work and labor of women</p> <p>Empower, Incentivize/Incentives to engage in paid work, market, enterprise and business</p> <p>Increases access and control of women to productive resources and finance</p> <p>Project measures to target and provide incentives for women’s meaningful participation in forestry and forest based IGA and enterprises</p>
<p>SFM in community and collaborative Forest</p> <p>SFM and selective logging has triggered concern for multiple benefits and use of forest including</p>	<p>Commercial harvesting under SFM may overlook other traditional medicinal, cultural and religious values and uses of forests as well as NTFPs, diversity, cultural and social value of forest</p>	<p>No safety equipment, no protective gear, use of modern machine while felling big and tall trees.</p> <p>Wild animal attack, poisonous snake bites and wild hornet bites during forest management and during fire line constructions work.</p>	<p>Provision of safety gear and adequate training during tree harvesting and transportation will be made</p> <p>Workers’ safety protocol will be prepared and implemented complying with occupational health and safety, labor rights standards, and no use of child labor</p> <p>Provision of emergency medical aid fund with joint funding from CBFM groups</p> <p>Updated management plans for each CFUG, CFM group, LHF group, etc. will clearly identify specific sites that are culturally sensitive and important.</p>

Type of Activity	Gender impacts	Social Impacts on disadvantaged and vulnerable groups	Mitigation Measures
			The sensitive and important sites will be protected from harvesting and other management activities.

Chapter 5 Environmental and Social Management Framework

162. The Project Management Units (PMU/PPMUs) will manage environmental and social risks and impacts of the project throughout its life cycle and in a systematic manner, proportionate to the nature and scale of the project and the potential risks and impacts. The ESMF provides for environmental and social screening of all activities (sub-projects in the case of the DGM project) that will be carried out, as a first step, to categorize them. Then, conducting environmental and social assessments of the activities using appropriate tools and documenting the results and the mitigation measures to be implemented to manage their adverse environmental and social impacts. The tools to be used for the ESA of activities depends upon the category of the projects as well as the legal requirements of the country and ESS 1.

163. This ESMF is a living document that allows for updates and revisions, subject to Bank approval, when and where necessary. Such updates will also reflect any changes that might have happened in the legal system in the future.

5.1 Environmental and Social Screening

164. As the specific intervention locations under the project are not identified at this stage and their specific impacts are not known, in accordance with the ESS1, an Environmental and Social Management Framework (ESMF) has been prepared, which specifies rules, guidelines and procedures for project activities. The goal of the ESMF is to define the measures, ways and mechanisms for avoiding, minimizing and/or mitigating potential negative environmental and related social impacts that may occur as the result of implementation of the Project.

165. The ESMF ensures that the identified activities are correctly assessed as per the Nepal's legal environmental and social framework as well as to meet WB's ESSs. Environmental and social screening is a critical step for initial assessment of the environmental and social impacts and risks of project activities. Each proposed activity is first screened to help to determine the extent and depth of environmental and social due diligence required. The process of screening identifies the key aspects that may need to be further examined and managed.

166. Objectives of the environmental and social screening process are:

- i. To screen the eligibility of the activities (sub-projects in the case of the DGM project) against the exclusion list;
- ii. To preliminarily assess/screen the environmental and social risks and impacts of the proposed activities (sub-projects in the case of the DGM project), assign environmental category and determine Environmental and Social Standards (ESSs) based on the outcomes of the screening; and;
- iii. To determine the scope of the assessments and specific instruments/plans to be prepared based on the outcomes of the screening or the level of environmental and social risks and impacts.

167. This section describes the screening process to determine: (a) the potential environmental and social impacts of an activity; (b) the category of that activity based on the environmental and social factors and, (c) the activity-specific action plan that needs to be prepared as part of activity preparation and planning and prior to its approval or implementation.

5.1.1 Screening of Project Activities

168. Every proposed project activity will be subjected to an environmental and social screening process before it is selected for implementation. The activity will be screened for national EIA

requirements as well as WB's ESSs. An environmental and social checklist will be developed and used during the screening (see Annex 1 for an example). A social screening process will also be undertaken in site specific location to determine the extent of any possible adverse impacts and prospective losses, to identify any vulnerable groups, and to ascertain any losses related to land acquisition. Details of the acquired or restricted land (if any) will be collected and an asset verification survey will be done to assess the loss of land and land-based assets.

169. Environmental and social screening of each project activity will be coordinated by the PMU/PPMUs during preparation of the project's annual workplan. Since many of the project activities will take place within participating municipalities clear guidance will be provided from PMU/PPMUs for Local Governments and their service providers to ensure that screening takes place to categorize activities and that all concerned local stakeholders are consulted and involved in this.

170. The results of the screening form the basis for assigning the environmental and social risk category of activities and informs decisions on the extent and depth of environmental and social due diligence that will be undertaken. The process of screening identifies the key aspects that may need to be further examined and managed. Activity categorization is essential for early understanding of the type, nature and scale of any impacts.

171. **Category I** activities are for interventions that will not be supported by the Project. See Annex 2 for this exclusion list.

172. **Category II** activities are those with significant adverse environmental and/or social impacts that are limited to actual site of the activity and its immediate surroundings and which can be addressed through readily known or readily available mitigation measures. Those activities that are eligible for project support may require an Initial Environmental Examination (IEE) or Environmental Impact Assessment (EIA) as per the government regulations. To meet ESS requirements, Category II activities will require preparation of ESIA. If E&S screening indicates physical displacement, preparation of RAPs will also be required. IP issues identified during the screening will be addressed through support measures suggested in the site level IPPs. Other plans may also be required, as determined by E&S Screening e.g. Biodiversity Management Plans. Stakeholder engagement activities will be required in all cases. The safeguard documents for such activities will be reviewed by the PMU/PPMUs and will be submitted to the World Bank for review, no-objection and/or clearance. E&S risk as well as level of assessments required will be agreed with the World Bank.

173. **Category III** activities are those for which there is a 'moderate risk of impact' which requires preparation of ESMPs. An activity is classed as Category III if its potential adverse environmental or social impacts on human and/or on the environment are less adverse than those of Category II activities. Impacts will be limited to a specific site, will be reversible and mitigation measures will be known or can easily be designed. A few project-supported activities such as preparation and implementation of harvesting plans for SFM and some supported forest-based enterprises may come into this category.

174. **Category IV** activities are those that have minimal or no adverse environmental and/or social impacts. For these activities, further environmental and social assessment beyond initial screening is not required. The screening report for a Category IV activity will recommend mitigations measures for the minor issues/impacts identified. This may be in the form of a good practice code for activity implementation (to be developed by PMU/PPMUs). In some situations, a brief/abbreviated and site-specific Environmental and Social Management Plan (ESMP) may be needed for Category IV activities and stakeholder engagement activity may be needed where there are affected communities.

175. Where the ESIA/IEE identifies potential risks and impacts on biodiversity or habitats, the project will mitigate those risks by following the mitigation hierarchy and good practices in the preparation of site-specific ESMPs. But where significant risks to and adverse impacts on biodiversity have been identified, a separate Biodiversity Management Plan will be prepared and implemented for the activity.

5.1.2 Environmental and Social Assessment of Activities:

176. If an activity falls into Category II, an environmental and social assessment (ESA) or IEE will be carried out to assess the environmental and social risks and impacts of the activity or sub-project throughout the project life-cycle. The assessment will be proportionate to the potential risks and impacts of the project and will assess, in an integrated way, all relevant direct, indirect and cumulative environmental and social risks and impacts of the activity including those specifically identified in ESSs 2–10. The environmental and social assessment will apply a mitigation hierarchy, which will:

- i. Anticipate and avoid risks and impacts;
- ii. Where avoidance is not possible, minimize or reduce risks and impacts to acceptable levels;
- iii. Once risks and impacts have been minimized or reduced, mitigate; and;
- iv. Where significant residual impacts remain, compensate for or offset them, where technically and financially feasible.

177. Once the Category is determined, one or combination of different tools can be used for the environmental and social assessment of the activities or sub-projects. Some of the ESA tools provided in the World Bank ESF include ESIA, ES Audits, ESMF and ESMPs and social conflict analysis.

Table 24: Environmental and Social Assessments and Plans for different Categories of Activities

Category of Activity/ Sub-Project	Environmental and Social Impact Assessment Required? (beyond initial screening)	ESMP required?	Comments
Category I	Not included in Project	Not included in Project	Not included in Project
Category II	Yes either IEE or ESIA	Yes	May also require an IPP, Biodiversity Management Plan and/or other type of specialized management plan (depending on likely impacts).
Category III	No	Yes	Includes a few project activities. May also require an IPP and/or Biodiversity Management Plan (depending on likely impacts).
Category IV	No	Yes (brief version)	Use code of practice to mitigate adverse impacts during implementation. Includes most project activities.

5.1.3 Environmental and Social Management Plans

178. Environmental and social screening of the activities (sub-projects in the case of the DGM project) will determine whether separate Environmental and Social Management Plans (ESMPs) are required (see Table 24). Some activities in project Components 2 and 3 may require separate ESIA. Category III activities may require only stand-alone ESMPs or environmental and social mitigation measures that will be mainstreamed during site selection for the activities, e.g. not in hotspots and taking into consideration local land use plans (developed with project support) for site selection. The ESMPs identify feasible and cost-effective measures that may reduce potentially significant adverse environmental and social impacts adequately. The plans also include compensatory measures if mitigation measures are not feasible, cost-effective, or sufficient. The ESMPs will:

- Identify and summarize all anticipated significant adverse environmental and social impacts;
- Describe with technical details each mitigation measure, including the type of impact to which it relates and the conditions under which it is required e.g. continuously or in the event of contingencies, together with designs, equipment descriptions, and operating procedures, as appropriate;
- Estimate any potential environmental impacts of these measures;
- Provide linkage with any other mitigation plans, e.g. for pest management, indigenous peoples or cultural property required for the project;
- Determine the monitoring objectives and specify the type of monitoring, with linkages to the impacts identified in the Environmental and Social Assessment of the project the mitigation measures described in the plans. The monitoring section of the ESMP will provide (i) a specific description, and technical details, of monitoring measures, including the parameters to be measured, methods to be used, sampling locations, frequency of measurements, detection limits (where appropriate), and definition of thresholds that will signal the need for corrective actions, and (ii) monitoring and reporting procedures to ensure early detection of conditions that necessitate particular mitigation measures and provide information on the progress and results of mitigation;
- Provide a specific description of institutional arrangements; who is responsible for carrying out the mitigatory and monitoring measures, e.g. for operation, supervision, enforcement, monitoring of implementation, remedial action, financing, reporting, and staff training and capacity development needed for timely and effective implementation of the ESMPs;
- Provide (a) an implementation schedule for measures that must be carried out as part of the project, showing phasing and coordination with overall project implementation plans, and (b) the capital and recurrent cost estimates and sources of funds for implementing the ESMP for all three aspects of the program: mitigation, monitoring, and capacity development.
- Relevant project activity project bidding documents, e.g. for procurement of service providers will include a requirement for implementation of the ESMP/checklist and the documents shall be attached to the bidding documents. In the case where Local Governments are procuring service through local service providers and/or providing grants to User Groups for certain activities, the PMU/PPMUs will develop standard formats to be included in the contract documents.
- Pest Management Plan (PMP) – If required, a PMP which is applied for activities related to use, handling and storage of pesticides and herbicides in a manner avoiding/minimizing impacts on human health and the environment will be prepared.
- ESMF requirements will be integrated into the Project Operational Manual (POM).

5.1.4 Financial Intermediaries

179. The sections of this overall document that outline the principles, rules, guidelines and procedures for E&S issues management do not apply to sub-component 3.2 of the FPP project. This is the sub-component that focuses on piloting a viable credit line for forest-based small and medium enterprise (SME) establishment and improvement. As sub-component 3.2 will utilize a series of financial intermediaries (FIs) for the channelling of project funds to forest-based enterprises, as per the requirements of ESS 9, environmental and social risks and impacts associated with the activities of the borrowing FBEs will be addressed by the environmental and social management systems (ESMSs) of the selected FIs themselves.

180. For Component 3, an Apex Body acting as a “wholesaler” and one or more commercial banks and/or financial institutions acting as “retailers” will be used to provide a credit line for establishment or improvement of selected forest-based enterprises and hi-tech forest nurseries in the project area. The Apex Body will function as a financial intermediary (FI) to on-lend to eligible private financial institutions/banks, which will also serve as FIs to lend to eligible FBEs. Once the potential Apex Body is identified, the World Bank will assess its capacity for environmental and social risk management and an ESMS will be established and maintained there, to the extent needed. The retail FIs shall also adopt and maintain their own ESMSs, which must be consistent with that of the Apex Body. The selected commercial banks or financial institutions will be required to screen all supported FBEs; to categorize them according to their potential risks and impacts; and to determine the need for ESMPs developed to cover their operations, to ensure measures are implemented to satisfy the requirements set out in the legal agreement between the financial institution and the borrowing enterprises.

Chapter 6 Gender and Social Inclusion Assessment and Action Plan

6.1 Objectives of the assessment and analysis

181. This Gender Equity and Social Inclusion (GESI) assessment aims to provide an overview of the situation of Gender Equity/Equality in Nepal, identifying key gender issues and other categories of discrimination and vulnerabilities especially in relation to caste, poverty and ethnic vulnerabilities relevant to the project, thereby identifying gender and inclusion integration opportunities within the project components for implementation in tandem with the activities programmed for Provinces 2 and 5.

182. This GESI assessment provides grounded justification for preparing a detailed Gender Action Plan with indicators, targets and activities identifying women as beneficiaries, entrepreneurs, leaders and decision makers with tentative cost estimate for the proposed project.

6.1.1 Methods

183. This Gender Equity and Social Inclusion Assessment is based on a desk review of available literature and data as well as consultations with a wide range of stakeholders at the national, provincial and local levels and on down to the level of both men and women in vulnerable communities.

184. Relevant data and information were collected from published secondary data and publications from Central Bureau of Statistics of Nepal Census Data (2011); World Human Development Report (2016); National Human Development Report Nepal (2014); Multi-dimensional Poverty Index Report from the National Planning Commission of Nepal (2018); World Bank; ADB; MoFE and various other published and unpublished reports of INGOs and NGOS working in the forestry, environment and NRM sectors in Nepal.

185. The unit of analysis used for the GESI assessment is the household level for quantitative data wherever it was available; community level/municipality and federations and networks for focus group discussions; and key informant interviews at the national and provincial levels. Data and information have been disaggregated by gender as well as by poverty, caste and ethnic groups as far as possible.

186. All districts within Provinces 2 and 5 were visited by a group of multi-disciplinary experts including a gender and social expert and field facilitators for site-specific and first-hand information collection and consultation with key stakeholders and vulnerable communities. Information collection was done through direct observation, one-to-one interviews, key informant interviews, focus group discussions, and provincial and federal level validation workshops in both provinces guided by a pre-prepared checklist and participatory tools.

187. A total of 695 persons (236 women and 459 men) participated in the Focus Group Discussions, one-to-one interviews, key informant interviews, meetings and provincial and national validation workshops held at the community, district, municipality, provincial and national levels.

6.2 Review of National Gender Policies, Legislation and Strategies

6.2.1 Gender Equality/Equity in Constitution and Law

188. **The Constitution of Nepal (2015)** represents a significant milestone for gender equity and social inclusion and enshrines equal rights for women, the poor, the vulnerable and people from

different social groups. Positive provisions include affirmative action to address historical disadvantage and a ban on sex or caste/ethnicity-based discrimination.

189. The article on Rights of Women establishes the right to equal lineage; right to safe motherhood and reproductive health; right to participate in all bodies of the State; right to property and family affairs; and positive discrimination in education, health, employment and social security. It also makes any act of violence against women punishable by law. The Right to Equality further elaborates the special provisions by law for the protection, empowerment or development of citizens. The Right to Social Justice establishes the people's right to participate in state bodies on the basis of the principles of inclusion and proportional representation.

Property Rights (Economic Rights)

190. Due to the patriarchal and patrilineal system prevailing until recently in Nepal, women there had been denied full access to and control over family property. The legal framework maintained this discrimination until the 11th Amendment of the Civil Code (commonly referred to as the Women's Bill, 2002), which repealed several discriminatory provisions of the Civil Code along with other acts and entitled women to significant rights. The amendment provided equal inheritance rights to unmarried daughters and sons (where previously an unmarried daughter had inheritance rights only if she was over 35 years of age) and removed discriminatory conditions that prevented women from having full access to property. Women were granted the right to their husband's property upon divorce and the provision of receiving monthly or yearly support in lieu of property. Widows were given full rights to their property allowing them to use it even if they remarry (where previously they were required to return property to the deceased husband's household upon remarriage).

191. **The Gender Equality Act (2006)** advanced the property rights of women even further and gives equal property right on ancestral property to son and daughters. It removed and amended discriminatory language. As per latest census data female ownership of fixed assets is 19.71 percent of households, land or house or both in the name of female member of the household (CBS: 2012).

6.2.2 International Law and Conventions

192. The Committee on the Elimination of Discrimination against Women (CEDAW) monitors the implementation of the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW Convention) adopted in 1979. The Convention has been ratified by 189 States including Nepal. The CEDAW Convention's prime objective is the prohibition of all forms of discrimination against women (article 2). The States parties (i.e. Nepal) have the obligation to take all appropriate measures, including legislation, to ensure the full development and advancement of women in all fields, political, social, economic, climate change environment and cultural fields.

6.3 Gender Equality and Inclusion

6.3.1 GESI Indicators

193. **Multi-Dimensional Poverty Index:** As per the 2014 Multidimensional poverty report of Government of Nepal (GoN)/National Planning Commission (NPC), 28.6% of Nepal's population is multidimensional poor. However, in less than ten years Nepal halved its Multidimensional Poverty Index (MPI), from 59% in 2006 to 29% in 2014. Under-nutrition and completion of up to five years of schooling are two key indicators which contributed to the improvement of MPI in Nepal. Heavy workloads of rural Terai and mountain-based women due to male out-migration, gender inequality in the household division of labor, difficult mountain terrain, women have no time to take care of their children and themselves which is also contributing to poor health outcome for women and girls (Kantipur Daily 2017, Dec.23 Saturday).

194. **The Human Development Index (HDI) and Human Poverty Index** score for Nepal in 2011 is 0.458, the lowest ranking among countries of the South Asian Association for Regional Cooperation (SAARC), aside from Afghanistan (NHDR/UNDP: 2014). Among the ecological regions, the Hills have the highest HDI value at 0.520, compared to the Terai (plain) at 0.468 and the Mountains at 0.440. The Human Poverty Index (HPI) value for Nepal in 2011 is 31.12. Urban-rural differences are considerable, with rural poverty nearly 1.8 times higher than urban poverty.

195. **The Global Gender Gap Index (GGI)** measures gender parity between males and females. The GGI for Nepal is 0.661, and Nepal ranks 110 out of 144 countries measured. Nepali women are progressing in terms of political representation they rank 68 out of 110. In health and survival, they rank 92. However, in terms of economic opportunity (115) and educational attainment (123) they are falling far behind their global women counterparts.

196. **The Gender Development Index (GDI)** developed by UNDP, has a score for Nepal (2011) of 0.534. Among the ecological regions, the GDI value based on the geometric mean is the highest for the Hills at 0.515, followed by the Terai at 0.458 and the Mountains at 0.430. Gender disparities in health, education and income remain major challenges across Nepal. Nationally, women’s average income, is 57 percent lower than the average for men, whereas 80.1 percent of women are economically active which is a paradox, reflecting the women’s concentration in low paying work.

197. **The Gender Empowerment Measure (GEM)** was developed by UNDP. The value of the GEM for Nepal in 2011 was 0.568. Among ecological regions, the Mountains have the lowest value at 0.483, while the Hills have the highest at 0.572. This is due to the low share of Mountain women in Parliament at 18.6 percent, compared to 28.9 percent for the Hills and 32.9 percent for the Terai, as well as low combined income values. Among development regions, the Far Western region (now province 6) has the lowest GEM value of 0.523, primarily due to its low share of women in administrative and professional positions. The Eastern region has the highest GEM at 0.575, followed by the Central and Western regions.

6.3.2 Employment, Income and Labor Migration

198. The proportion of economically active women in Nepal is quite high compared to other South Asian Countries. According to the Nepal Labor Force Survey (2017-18), 80.1 percent of women are economically active compared to 87.5 percent of men (NLFS:2014). This is in part due to the predominance of women in subsistence agriculture and community forestry where women are highly active following high levels of male outmigration.

Table 25: Key Labor Market Indicators for the Project Area

Province	Sex	Working age population '000	Employed '000	Labor Force Participation Rate percent ¹⁶
Province 2	M	1,785	857	56.7
	F	2,188	404	25.9
Province 5	M	1,481	695	52.6
	F	1,956	443	25.7
Nepal	M	9,208	4,446	53.8

¹⁶ Nepal Labour Force Survey 2017-18, NPC, Central Bureau of Statistics, Government of Nepal

	F	11,537	2,640	26.3
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199. Table 25 shows that there is a huge gap between the labor participation rate of men and women in both the project provinces and in Nepal as a whole with approximately only half as many women participating in the labor force compared with men. In general, only about 25 percent of working age women are participating in the formal labor market. Both Provinces 2 and 5 lie somewhere below the national average in terms of women participation in the labor force.

200. Of those employed, 89 percent of women are engaged in agriculture and forestry compared to 70% of men. However, the wages of women lag well behind those of men. In non-agricultural wage employment, women are concentrated in low-paying and less-productive jobs of low capital intensity. Female migration is also increasing, with official figures reaching 11,007 in 2008 (of a total of 266,666 migrants in that year), though this probably understates the volume given the numbers migrating without official permission (ADB: 2010). It has been estimated that 11 percent of total remittances is received from women migrants. The Foreign Employment Act, 2007 aims to protect the rights of workers and professionals.

6.3.3 Health and Safety

201. In Nepal the maternal mortality ratio is 229 deaths per 100,000 live births, which is quite high (Population report:2016). The government's Second Long-Term Health Plan (1997–2017) gives high priority to improving neonatal and maternal health outcomes and includes a number of initiatives to improve access for the poorest and socially excluded, including a safer motherhood program, and a female community health volunteer program, which are quite successful.

202. Major women-specific health problems in Nepal are uterus prolapse, under-nutrition and anaemia due to heavy workloads, combined with inadequate access to nutritious food during menstrual cycle and post-delivery especially in the far western areas as well as in some parts of the Terai, where patriarchal and gender discriminatory norms are stronger and overall poverty level is very high. One study estimated that more than 600,000 women in Nepal are suffering from uterus prolapse (ICIMOD, Verma et al, 2011).

203. Trafficking of children and women in Nepal is a pressing issue. Around 16,500 Nepali citizens, mostly unmarried women and children, were trafficked in in 2014-16, according to a national report released by the National Human Rights Commission (NHRC:2016, cited in e-kantipur). The Nepal Police records indicate 1,233 women and children missing (i.e. trafficked) in a three-month period after the Gorkha earthquake in 2015. 85% of rescued trafficking victims had never been to school, which shows the nexus with gender discrimination, illiteracy and poverty, combined with natural disaster.

6.3.4 Education

204. The share of total enrolment for girls is 50.4% at primary level, 50.5% at lower secondary, and 50.4% at basic levels. This clearly demonstrates that the gender parity has been achieved in basic education, including primary and lower secondary education (1.02 at primary level, 1.02 at lower secondary level and 1.02 at basic level) (WEF-GGI 2016). However, in terms of the adult literacy rate, there is wide gender gap wherein only 57% of females are literate (compared with 75% of males).

205. There is also a huge disparity among boys and girls in terms of dropout rates from secondary school education. Early marriage is a main cause of drop out from school education amongst girls and among boys' economic condition and poverty is the reason.

6.4 Forest Policy and Institutional Environment for a Gender Responsive Approach

6.4.1 The Evolution of Forestry Sector Policy, Forest Act and Gender and Social Inclusion Strategy

206. There are a range of laws, policies and programs related to forestry and natural resources in Nepal. This part of the assessment examines their evolution and the extent to which they take gender into account and the future prospect for a Gender Equity/Equality-based approach in the FFP Project.

207. **Forest Policy Nepal (2015):** Nepal's Forest Policy recognizes that there are differential impacts of climate change on communities. It acknowledges that the impact of climate change is greater in poor, developing, landlocked countries and on rural women. The Policy provides for women's participation in the implementation of forest management and development program. Section of the Policy calls for "*Ensuring the participation of poor people, Dalits, marginalized indigenous communities, women, children and youth in the implementation of climate adaptation and climate change related programs.*" The Policy also provides for the capacity building of local bodies and ensures the implementation of local level activities.

208. **Forestry Sector Strategy (2016-2025):** The Forestry Sector Strategy is a guiding document to implement the Forest Policy (2015) for 10 years i.e., 2016 to 2025. The FSS aims to deliver five major outcomes: sustainable production and supply of forest products; improvements of biodiversity; watersheds and ecosystem services; increased contribution to national economic development; and inclusive and accountable forestry sector institutions and organizations to develop a climate-resilient society and forest ecosystems. The strategy has eight strategic pillars and seven key thematic areas where Gender Equality, Social Inclusion and Poverty Reduction is one of the standalone key strategic pillars, in addition to being mentioned in other pillars.

209. **Forest Act (2019).** This recognizes the importance of forests in maintaining a healthy environment. Section 49 of the act prohibits registration; setting fires; grazing, removing, or damaging forest products; felling trees or plants; hunting wildlife; and extracting boulders, sand, and soil from the national forest without prior approval. The Forest Act, for which regulations are currently being drafted, has given a bundle of rights to local communities for protection, development, management, and use of forest products under different institutional management modalities including community forests, collaborative forests, leasehold forests, and religious forests. The act and regulations define community forest user groups (CFUGs) as self-sustained, perpetual entities and have given absolute rights to them in managing their forests. The CFUG constitution is a key regulatory document that defines decision making and benefit sharing mechanisms within the group as well as rights and responsibilities of different user members and forums. Each household is recognized as a unit for the membership and every member has equal rights over the resources generated from CFUG use and management. Similarly, equitable distribution of benefits to user group members has been outlined in the act.

210. **Social and Environmental Standards (SES) for REDD+:** To comply with UNFCCC safeguard principles i.e., Cancun safeguards, REDD+ SES for Nepal has been developed jointly by REDD IC and FECOFUN. These standards have been used to support the design and implementation of Nepal's REDD+ programs in a way that respects the customary and cultural rights of IPs and local communities and that ensures they generate significant social and environmental benefits. Nepal's REDD+ SES framework encompasses 7 principles and 28 criteria and 64 indicators that form additional qualitative characteristics for a project under REDD+ that are reported on in exchange for obtaining certification.

211. **Gender and Social Inclusion Strategy (2006):** Former Ministry of Forests and Soil Conservation (now MoFE) declared its Gender, Poverty, and Social Equity vision for 2020 which clearly states and commits that the Ministry is a gender and social equity sensitive and socially inclusive organization, practicing good governance to ensure equitable access to, benefits from, and decision-making power over forest resources and benefits of all forestry sector stakeholders.

212. They recognize the need to identify the specific barriers faced by women, the poor, the vulnerable and the excluded in the concerned sector and plans to address it to the extent possible to achieve the overall sector objective.

6.5 Institutional Entry Points for Mainstreaming Gender Equality/Equity in the Project

6.5.1 Existing Institutional Mechanisms for GESI and Forestry

213. **Ministry of Forest and Environment:** It has its own well-developed GESI strategy and Gender focal points at the ministry level represented by a joint secretary as well as five gender focal points placed in all five departments (Risal K, MSFP:2016). However, the implementation aspect of the GESI strategy is very weak. For example, while CBFM groups representing an innovative and a worldwide replicated practice for forest management for which Nepal is a pioneer have demonstrated a considerable level of gender and social inclusion in their institutional structures, these grass roots results have not been translated into government institutional structures in the forest sector including in MoFE. This is one critical gender gap which needs to be addressed. The establishment of gender divisions/units and provision of a fulltime gender focal person with ToR in MoFE could contribute to positive outcomes, in conjunction with adequate institutional authority and targeted budgets (Risal K, 2016: MSFP). Improved accountability via gender and inclusion mainstreaming by the various department and division heads is also required currently this is also an implementation gap despite the intentions of the GESI Strategy.

214. **Federation of Community Forestry Users, Nepal (FECOFUN)** is an example of a federation that has effectively influenced community-based forest policy and its development processes. It has established rules to include women in the decision-making arena and it supports local forest user groups to include women and the disadvantaged in forest management and user committees and groups. By law, one-third of the executive committee members of community forest user groups must be women. As per the provision of the second revision of Community Forest Guidelines, well-being ranking of community forest users is mandatory. Poorest households are identified through wellbeing ranking which is done based on the locally developed criteria. Implementing poverty reduction activities for the marginalized users /members is mandatory. The guidelines include certain provisions for the benefit of disadvantaged users, Dalits, indigenous peoples, and women. Key provisions include subsidies or /free distribution of forest products, and 35 percent of the total CFUGs fund to be used for livelihoods improvement activities. The guideline also promotes thorough discussion at the tole (hamlet) level to encompass the needs and interests of the women, poor, Dalits and Indigenous peoples in the operational plans and constitutions of CFUGs.

215. **Provincial Government:** There is Ministry of Social Development in the Provincial Government which has a Women Development Unit to look after gender affairs. Provision of the Provincial MoIFTE to be led by the secretary from the Federal Ministry of Forest and Environment provides an opportune moment for integration of gender equality and social needs and issues in the forestry sector projects and programs of the participating Provinces 2 and 5.

216. **Local Government:** In the structure of Local Government there is provision for a Judicial Committee headed by the Deputy Mayor/Vice Chair of the municipality. This is usually an elected woman representative responsible for looking after the local/community level social, women's affairs, women's rights/divorce cases/citizenship/GBV, environment and community forestry related disputes and complaints among others. Local Governments can set up and establish required and relevant units within their Executives covering such topics as environment/forestry or women's development at their discretion within their planning and budgeting mandate.

6.5.2 Barriers and Issues for Gender and Inclusion in the FFP Project

217. There are several key barriers and constraints to the introduction and implementation of gender responsive solutions for implementation by the Project:

i. Lack of sex-disaggregated data, information, planning, monitoring and evaluation

- Lack of sex- disaggregated data of gender and social needs, risk and opportunities resulting in poor understanding of gender-differentiated risk and impact of FFP project components.
- Non-inclusion of gender-specific indicators in the entire planning, monitoring and evaluation cycle of forestry projects and programs of government as well as of donors.

ii. Women's negligible representation in forestry policy making bodies and institutions

- Lack of conscious effort to increase representation of women in forestry related policy making forum, management committees and in leadership and decision making
- Lack of opportunity, timely and accessible mode of information dissemination system for women and their representative organizations to participate in decision making forums.
- Lack of planned, inbuilt and quality training and capacity building on gender and SFM, Enterprise Development targeted to women and disadvantaged people in programs and projects

iii. Heavy unpaid workload especially of rural women and inequitable division of labor

- Women contribute their substantive labor (unpaid) in natural resource management and forest management activities which does not translate into corresponding increases in income or meaningful representation in decision making forums and committees.
- Women reported during field visit difficulties in adapting agricultural practices to changing market demands e.g. quality of essential oils and demand for organic products. The burden posed by the demand for increased and quality production of NTFP yields amidst changing climate pattern and use of agro-chemicals is taking its toll on women, who are managing forest resources as well as agriculture and livestock in the absence of males.
- Due to discriminatory gender and social norms and an inequitable gendered division of labor; unpaid work is assigned to women and girls especially collecting firewood, water, fodder, livestock care and farm care, which are highly time consuming , less productive and affected by climate change e.g. access to water resources. In addition to this women have to do domestic work like child care, cooking and cleaning, which is the key cause of gendered vulnerability and risk.

iv. Low levels of education /illiteracy/ risk awareness/ access to information and mobility restrictions

- Women's limited access to information, available safeguard mechanisms, and training is making them more vulnerable and restricting their ability to utilize project and program related benefits and resources

- Women’s high level of illiteracy, low level of education and awareness and social restrictions on their mobility is a key barrier to be addressed

v. Limited livelihood options and access to productive assets

- Low access to finance, family property, productive assets and restricted access to markets limits women’s capacity for livelihood diversification and start business in forestry.

vi. Migration/ increase in fallow land and land degradation

- High out-migration of youth/ men leads to lack of labor, increase in underutilized abandoned farm and fallow land and land degradation, mostly in rural and semi-urban areas.
- Positive Implication for forestry as tree crop can be grown in private and public land
- Negative Implication on food security, health and nutrition of women & children
- By default more women are engaged in forest management work at the community and local level

vii. Security of Women and Girls

- Potential security risks for women and girls encountering forest protection staff in forest areas (although this risk appears to be more significant in National Parks and Protected Areas where armed forces are actively involved)
- Security and risks of sexual exploitation of women and girls in traditionally male dominated forest-based enterprises
- Lack of skilled women in the workforce for employment in forest enterprises as these have been male dominated jobs in the past

6.6 Gender and Inclusion–Responsive Activities and Action Plan for the Project

218. In order to address gendered risks/ barriers and constraints for women and vulnerable groups in the FFP Project interventions, a number of possible activities have been identified for implementation in relation to the four project components.

219. The Emission Reductions Program (ERP) sponsored by the FCPF and MoFE undertook a GESI assessment study in 2017 (through WOCAN) which provided recommendations for GESI integration into the REDD+ process and ERPD. This study has been taken account of in the consideration of different actions and measures that could constitute a GESI Action Plan for the Forests for Prosperity Project. GESI component-wise activities derived from the GESI assessment for the FFP Project have been included in the design and appraisal document for the Project. As a next step, a detailed GESI integration action plan with activities, budget, targets and indicators will be developed, during implementation phase of the FFP project immediately after the approval of the FFP project. The GESI action plan shall incorporate a number of activities, as shown in Table 26. These basic activities are already budgeted but have the potential to be expanded or otherwise refined once sex- and ethnicity-disaggregated data from the baseline survey for the project becomes available.

Table 26: Gender Responsive Activities and Action Plan and Responsibilities for the FFP Project

Gender and Inclusion Responsive Project Activities	Responsibility
Component 1: Policy and capacity building support for federal structures and processes on sustainable forest management	
i. Develop, update <i>GESI mainstreaming action plan with budget</i> for the FFP Project addressing each component with a focus on Institutions/policy, FBE capacity enhancement and training.	PMU/PPMUs especially Governance & GESI technical specialists
ii. Develop <i>GESI mainstreaming and ESMF Safeguards training manual</i> targeted for implementing partners especially GoN, service providers, financial Institutions and community groups	PMU/PPMUs especially Governance & GESI technical specialists
iii. Plan and provide regular-ongoing training on Gender Equality, Women’s Economic Empowerment and Social Safeguards mechanisms at all levels- to key implementing partners	PMU/PPMUs especially Governance & GESI technical specialists with support from service providers and hires experts
iv. Capacitate GESI focal persons of the ministry and departments at all levels – Federal, Provincial, Local in program related policy and activity implementation	PMU/PPMUs especially Governance & GESI technical specialists
v. Build effective information disclosure and stakeholder engagement mechanisms and ensure access of women and disadvantaged castes and ethnicities to information and benefits from the FFP Project	All PMU/PPMU staff and GoN staff involved with the project at all levels
vi. Ensure mandatory representation and take appropriate and positive incentives and measures for women’s participation in workshops/ meetings with incentives as needed e.g. child care allowance, appropriate meeting timings	All PMU/PPMU staff and GoN staff, service providers and community groups and including organizations implementing the DGM project
vii. Actively engage and train women in water conservation, management and its effective use for income generative activities like fishery, forest and water-based tourism in Terai forests.	All service providers providing project related capacity building
viii. Implement the existing positive gender equity/equality provisions in the constitution of Nepal, Gender Equality law, Forestry sector Gender Equality and Social Inclusion Policies, REDD+ gender and safeguard policies and FCPF safeguards and gender policies to ensure gender equality and inclusion.	All project staff and all implementing partners

Gender and Inclusion Responsive Project Activities	Responsibility
Component 2: Support to community-based sustainable forest management and forest plantations	
ix. Promote and adapt bottom-up approaches to forest management, like CBFM LHF and public land management	Local Governments (Forest, Environment and Disaster Sections), service providers and technical project and Provincial Forestry Directorate staff
x. Allocate land within community forests to disadvantaged caste groups such as Dalits and poor landless people	Community groups and service providers
xi. Train both women and men on SFM, commercial harvesting of forest products, equipment use and maintenance and ensure at least 40% participation of women	Community groups, service providers and technical project and Provincial Forestry Directorate staff
xii. Train and invest in community health and safety, including creation of emergency funds (linked to ESMF)	Local Governments and service providers
xiii. Support public land plantations including along river banks and link these with income and employment opportunities for women and poor	Local Governments and service providers
xiv. Establish small holder plantations on fallow private agricultural land and promote agroforestry	Local Governments and service providers
xv. Make specific measures and incentives for supporting smallholder plantations on private land under joint ownership (women and men) in in selected pilot municipalities	Local Governments and service providers
xvi. Support the application of W+ standard and or Plan Vivo Standard for smallholder plantations at a few pilot sites	Provincial Forest Directorates and PMU/PPMUs
xvii. Develop nurseries (specifically high-tech) as potential for enterprise development-targeting women members and disadvantaged groups for training and employment opportunities - at least 40% women.	PU/PPMUs and financial institutions
xviii. Introduce more climate resilient tree-seed and saplings and increase access to benefit-sharing mechanisms, forestry inputs and extension services targeted to women	Local Governments and service providers
xix. Develop equitable benefit sharing mechanisms for public land and river side plantations in the Terai	Local Governments and service providers

Gender and Inclusion Responsive Project Activities	Responsibility
xx. Include more women from communities in exposure visits and learning events related to SFM and business development	Local Governments and service providers
xxi. Recognize, Reduce and Redistribute unpaid work of women – introduce women friendly forest management, equipment/tools, provide gender training to couples and elderly women, support community child care centers	PMU/PPMUs especially Governance & GESI technical specialists and service providers
xxii. Implement planned activities for organizational and leadership capacity development for women, Dalits and IPs from CBFM forest- related federations, public land management groups and forestry cooperative and private forestry associations	PMU/PPMUs especially Governance & GESI technical specialists and service providers and community groups
xxiii. Plan activities the CBFM group level to Recognize, Reduce and Redistribute unpaid work of women, especially for women friendly forest management equipment/tools, gender training to couple, elderly women with power e.g. mother in law and community leaders, support to community child care center, engaging with men and boys to reduce GBV	Service providers and community groups
xxiv. Strengthen the organizational and leadership capacities of women, Dalits and IPs from CBFM forest-related federations, public land management groups, forestry co-operatives and private forestry associations	PMU/PPMUs especially Governance & GESI technical specialists and service providers and community groups
xxv. Form Leasehold forest groups focused on women with pro-poor forest management practices e.g. agro-forestry on pasture land	Local Governments and service providers
Component 3: Forest enterprise improvement and development	
xxvi. Support and promote forest-based cooperatives and enterprises, with due attention to those that are women-led and managed.	PMU/PPMUs especially technical specialists and financial (lending) institutions
xxvii. Increase and build mechanisms for access of women entrepreneurs to credit via commercial banks for concessional loans for FBEs	PMU/PPMUs especially technical specialists and financial (lending) institutions
xxviii. Integrate gender analysis with forest product value-chain analysis to improve FBE and engage more women, reduce poverty, and to promote inclusive market systems	PMU/PPMUs especially technical specialists

Gender and Inclusion Responsive Project Activities	Responsibility
xxix. Make special measures to engage 50% of women in the value chain and supply chain of selected timber and non-timber-based enterprises	Forest-based enterprise owners
xxx. Provide business development training for women to improve their knowledge and capacity in forest-based enterprise establishment, related rules and regulations, rebates on tax from government on registration and other incentives like non-collateral based loan facility of up to 15 lakh for women entrepreneur by NRB and NBL (Government banks)	PMU/PPMUs especially technical specialists and financial (lending) institutions
xxxi. Provide skills transfer and skills training to Nepali workers both men and women in technical work in wood based and non-wood-based industries like plywood, veneer, hi-tech furniture making, essential oil and herbs processing /lab testing. Currently mostly skilled labors are coming from India.	PMU/PPMUs especially technical specialists and financial (lending) institutions and Forest-based enterprise owners
xxxii. Research and introduce new forest-based enterprise and forest product utilization practices and technology suitable to women in light of heavy engagement of women in forest management and NTFP farming activities	PMU/PPMUs especially technical specialists, to commission studies
xxxiii. Introduce and promote micro insurance for NTFP, and tree products insurance scheme as a risk safeguard measure	PMU/PPMUs and Forest-Based Enterprise Owners
xxxiv. Promote occupational health and safety provision and labor management in FBEs with due consideration to women workers	Forest-based enterprise owners and financial (lending) institutions
Component 4: Project management, planning, monitoring and learning	
xxxv. Develop sex disaggregated baseline data collection in all four components, ensure its use and integration during development of result framework, TOC, planning, budgeting, results monitoring and outcome evaluation	PMU/PPMUs
xxxvi. Practice systematic documenting of traditional, local knowledge and indigenous forest management practices of women and highly disadvantaged IPs and Dalits including Majhi, Mushar, Dom, Dhanuk, Jhangad, Tharu, Magar residing in the project implementation area.	PMU/PPMUs to commission studies and information collection

Gender and Inclusion Responsive Project Activities	Responsibility
xxxvii. Document and disseminate of good practices on implementation of gender equity/equality policies and program activities and on the application of safeguards mechanisms for social risk management.	PMU/PPMUs with service providers
xxxviii. Ensure the gender balance of staff hired for the Project in PMU and PPMUs	PMU/PPMUs

Table 27: Prominent Gender Gaps and Measures to be Taken

Prominent Gender Gaps in Project (Provinces 2 & 5)	Actions/measures to close gaps	Indicators
Lack of Sex disaggregated data, indicators and institutional mechanisms in the forestry sector specifically at Provincial and Local Government levels	Gender disaggregated component-wise baseline survey for FFP project in Provinces 2 & 5	#FFP project baseline survey TOR and study team is gender responsive #Increased use of sex disaggregated data, indicators and analysis at PMU/PPMU and key stakeholder level
Low labor force participation of Women only 25.8% compared to Men's 54.65% (resulting gap in income and employment)	Women targeted forest based entrepreneurship development policies, enabling interventions and incentive mechanisms	# No of FBE policies adopted and implemented targeting women as workers, entrepreneurs and employers # No and quality of interventions and Incentive mechanism taken for Women Workers and Women Entrepreneurs
Lack of resources, technical skills and targeted mechanisms for women in SFM	Training women on SFM, commercial harvesting of forest products, equipment use and maintenance with at least 40% participation	# % of Budget allocated for training women in SFM, commercial harvesting, equipment use and repair # No and % of women receiving training on SFM, harvesting, equipment use and repair

Chapter 7 Restriction of Access to Natural Resources

220. The Forests for Prosperity project will not work in any legally designated parks or protected areas nor will any project-supported activities right outside of these areas have any impacts inside them. Selection of participating municipalities for the Project, and selection of the sites within them for particular project activities, will avoid all situations where such restrictions of access may be created inside or in the vicinity of legally designated protected areas.

221. However, some project activities (sub-projects in the case of the DGM project) have the potential to restrict community access to forest and other natural resources outside of legally designated protected areas. While a Process Framework (as per ESS5) is not required in these situations, it is important to recognize the risks that such situations could give rise to and, if necessary, to put in place appropriate mitigation measures.

222. There are only a few project-supported activities that have the potential to restrict community-level access to forest and other natural resources. These are shown in Table 28 along with the mitigation measures that will be used. These mitigation measures are for actions that have already been widely practiced in CBFM groups in the past with positive impacts. Note that although there may be some issues as shown in Table 28, in general access restrictions imposed by CBFM groups are normally part of an approved operational plan for the area and potentially have many benefits including recovery of degraded forest areas, promotion of regeneration and reduction of illegal and unsystematic harvesting of forest products. The preparation and implementation of such an operational plan serves as an example whereby the community using the resources collectively decides to restrict access to these resources, and the project will work to ensure that appropriate measures have been agreed and put in place to mitigate any adverse impacts on the affected community members, especially the more vulnerable ones among them.

Table 28: Issues and Mitigation Measures for Potential Resource Access Restrictions

Project Activity	Loss of Access Issues	Mitigating Actions
Formation of new CF groups (in Terai only)	Potential for loss of free grazing areas and unsystematic collection of forest products by distant users	Operational plan makes provisions for planned forest management activities. Include distant users in CFUG. Establishment of depots for distribution of forest products to distant users
Formation of new CFM group	Potential for free grazing areas and free collection of firewood to be restricted	SFM produces forest products in a systematic way and distributes them through depots
Formation of new LHF group	Potentially, non-leaseholders may have access to free grazing areas and to free product collection restricted when LHF is formed	Priority is given to all (including non-leaseholders) who can produce fodder grass in the same community and sell to livestock owners
Formation of new PLM group	Potential loss of free grazing areas on public land (not necessarily by poor households, though)	Poor and landless households would join the group and sell grass to wealthier livestock owners. PLMGs only occupy small areas compared with that available for free grazing therefore this may be a minor access issue

SFM in existing CF/CFM area	Potential restrictions of access to regeneration area after harvesting	Free availability of lops and tops after harvesting for affected communities. Provision is made for any specific forest products required by IPs in the harvesting plan
Private Smallholder Plantations	No restriction of access issues	

Chapter 8 Grievance Redress Mechanism

8.1 Introduction to GRM

223. A Grievance Redress Mechanism (GRM) is required to ensure that project-affected and impacted people or communities who believe that implementation of project activities has caused or will cause harm to people and communities or harm to the environment, are able to lodge complaints or concerns, without cost, and with the assurance of a timely and satisfactory resolution of the issue. The GRM also ensures that the material benefits/entitlements of redress are effectively transferred to the intended beneficiaries. Stakeholders will be informed of the intention to implement the grievance mechanism, and the procedure will be communicated through appropriate channels of communication so that Women, Dalits, IPS and Poor can also get access information and utilize their right to file a complaint through the GRM if they find exclusion, negative effects to their lives or livelihoods, ineffective benefit sharing or compensation plan, negative impact to the environment, offset mechanisms or any other negative social and environmental effect and impacts from the implementation of project activities.

224. Scope of GRM

- **Anonymous complaints;** Anonymous complaints are not processed by the FFP project GRM, except in exceptional and sensitive cases
- **Financial Fraud or Procurement Specific Corruption;** is not covered by FFP project GRM (project specific separate procurement and fiduciary risk management mechanisms will be responsible for this)
- **Point of Origin.** Complaints and grievances will be initially raised and dealt with at the point of their origin. Only if this is not possible will they be elevated to a higher level.

225. GRM Process

- Information:** Affected persons or community will be given detailed information about the GRM procedures as a guide on how to approach project. This information will be also posted in the FFP/Project website
- Registration:** The process of grievance redressal will start with registration of the grievances to be addressed in a case log book by the designated officer for reference, and to enable progress updates of the cases.
- Notification of receipt:** The GR officer notifies the complainant(s) of receipt of the complaint. The GRM has the option to request additional information from the Complainant(s) at the time of notification.
- Request for additional information.** During the 10-day assessment period, the GRM has the option to request further information from the Complainant(s). If no response is received from the Complainant(s) within 10 business days of the request, the GRS contacts the Complainant(s) again. If no response is received within 10 business days of the second request, the GRS considers closing the complaint. If the complaint is closed, and the complaint contains specific information about Project-related issues, the PMU Project Coordinator may take action where appropriate.
- The response time** will depend on the issue to be addressed but it should be addressed with efficiency, and within 30 days of registration of the complaint.
- Case settlement, grievance redressed or closed

8.2 Grievance Redress Procedures

226. **Local level:** There are Judicial Committees established in each Local Government as part of the Local Government structure as defined under the Constitution. The purpose of these is to address and resolve local level disputes and grievances and they will be the first point for registering grievances related to the Project. The detailed rules for the Judicial Committees are set out in the Local Government Operations Act (2074). The committee consists of 3 elected representatives of the Local Government – with the Deputy Mayor as the committee chair. Issues that cannot be resolved at the Local Government level within **30 days** will be escalated to the provincial level. The project will provide capacity support to assist with the functioning of Judicial Committees in participating municipalities.

227. **Provincial level:** A Provincial Grievance Management Committee (PGMC) will be established in both Provinces 2 and 5. The PGMC will be chaired by Secretary of the MoITFE; regional forest directorate, Women Development Section chief/Provincial Ministry of Social Development, and other civil society organizations could be members. PPMU Coordinators will function as the Member-Secretary of the committees and serve as regional Grievance Focal Point (GFP) to file the grievances and appeals. If the issue cannot be resolved at the provincial level **within 15 days**, then it will be escalated to the federal level.

228. **Federal level:** If there is a situation in which there is no response is coming from the local level Judicial Committees or the PGMC and provincial coordinators or if the response is not satisfactory for the complainants, they have the option to contact the PMU directly to follow up on the issue. The Federal Grievance Management Committee (FGMC) will be chaired by the Chief of the Planning, Monitoring and Coordination Division of MoFE, and the PMU Coordinator of the FFPP will function as the Member-Secretary of the committee and serve as Grievance Focal Point (GFP) at the federal level for the filing of grievances and appeals. S/he will be responsible for summarizing the number and types of all the complaints and issues received by the municipalities and two provinces with the support of SEP/GRM responsible officer at the federal level PMU.

229. **The timeline** for complaint resolution at the federal level will be 15 days upon receipt of the complaint that does not require additional study and research, and 30 days for the appeals that need additional study. The complainant will be informed of the outcome immediately and at the latest within 5 days of the decision.

230. **Appeals Mechanism:** If the complaint is still not resolved to the satisfaction of the complainant, then s/he can submit his/her complaint and appeal to the appropriate court of law. If the complainant does not want to pursue the complaint through the project GRM, s/he can directly appeal to the courts at any time.

8.3 Grievance Log

231. PMU and PPMU coordinators will manage the Project's Grievance Log and will ensure that each complaint has an individual reference number and is appropriately tracked and recorded actions are completed. The log should contain the following information:

- Name of the effected person/community, his/her location and details of his / her complaint.
- Date of reporting by the complainant
- Category and substance of complaint
- Date when the Grievance Log was uploaded onto the project database
- People responsible for the study and investigation of the complain
- Date of Grievance Committee meeting
- Details of corrective action proposed, name of the approval authority

- Date when the proposed corrective action was sent to the complainant (if appropriate)
- Date when the response was sent to the complainant
- Date when the complaint was closed out
- Monitoring and Reporting on Grievances

8.4 Responsibilities for the Project GRM

8.4.1 Local Government Judicial Committee

232. The Judicial Committee of the Local Government is established under the regular structure of Local Government to mediate and settle disputes within the powers given to it under Nepal's Constitution and the Local Government Operations Act 2074. For the project, the Judicial Committee is the first port of call for addressing project-related grievances. The Judicial Committee has specific responsibilities for:

- Registering relevant dispute cases or grievances (including those that are project-related)
- Studying and deliberating on local disputes and settling them through a mediation or adjudication process and in accordance with the law.
- Forwarding cases to the PPMU Coordinator where the type or nature of the grievance is beyond the competence or mandate of the Judicial Committee
- Keeping records of all decisions and actions taken by the Judicial Committee.
- Providing information on all project-related grievances to the PPMU Coordinator on a regular basis

8.4.2 PPMU Coordinators

- Registering project-related dispute cases or grievances received (including those forwarded from Judicial Committees)
- Maintaining the provincial project grievance log based on information received from Local Governments and on information about complaints received directly at provincial level
- Studying and deliberating on disputes received and proposing measures to address them according to the law
- Submitting quarterly reports on Province GRM mechanisms (with SEP implementation) to the Federal PMU

8.4.3 PMU Coordinator

- Monitoring outstanding grievance issues and proposing measures to resolve them according to the law
- Summarizing and analyzing information received from the PPMU Coordinators (including information about grievances registered with Local Government Judicial Committees in the Province) covering the substance and status of each complaint and recording them into the single project grievance log.
- Submitting quarterly reports on GRM mechanisms to the PMU M&E Specialist for submission to WB

8.4.4 Grievance Focal Point

233. The designated grievance focal point persons with contact details for the project are:

- Municipal Level: The Chair of the Local Government Judicial Committee (deputy Mayor)
- Province Level: PPMU Coordinators
- Federal Level: PMU Coordinator

8.5 GRM Reporting to the World Bank

234. PMU will submit quarterly reports to the WB including a section related to GRM which provides updated information on the following:

- Status of GRM implementation including procedures, training, public awareness campaigns, budgeting etc.
- Qualitative data on number of received grievances, applications, suggestions, complaints, requests, positive feedback etc. received by the project highlighting serious grievances related to the WB ESS
- Quantitative data on the type of grievances and responses and grievances that remain unresolved
- Level of satisfaction by the measures (response) taken
- Any corrective measures taken
- Public disclosure of information on GRM and settlement through the project website

Table 29: Summary of proposed GRM for the project

Step	Stage	Process Description	Time frame	Remarks
1 Information				
		Timely disclosure of information about project GRM and Process usually before start of the project implementation via websites, emails, public meetings, CBFM meetings Proper orientation at the field sites and participating municipalities about the GRM and complaint process	Monthly Or start of new intervention	
2 Registration				
		Register grievance/complaints: Verbally: face to face, phone call Written: complaint box, mail project email, website Where: <ul style="list-style-type: none"> • Judicial Committee of participating municipalities • FFP PMU/PPMUs 	As per need As soon as received through authentic channel	
3 Investigation: Respond to grievance/complaints				
3.1	Screening	Assess reliability, validity, significance and sensitivity (scale and scope) of the grievance Identification of relevant level of government/ group to investigate according to scope of grievance and its place of origin	7 days	Cross-check with related stakeholders and available other information Grievance related to local level but registered at provincial and or federal level to be directed accordingly after screening
3.2	Confirmation /notification	Inform concerned person/community/ groups about complaints being verified, registered and in process	5 days	Notification through easily accessible channel of communication for Women, Dalits, IPs to be given with time frame
3.3	Investigation /fact finding	Formulate investigating/fact finding team and assign task Undertake investigation following defined protocol and mandate	15 days	6-member team (out of that 2 women) including representative from FECOFUN/ACOFUN/LHFG, (1) Himawanti, DALIT net and NEFIN (1) Municipality/Provincial Rep (1) Forest officer (1) 2 additional members (1 must be women) can be added according to context, scale, and sensitivity of grievance being investigated Team to be pragmatic (informal) and judiciary (formal) and as guided by triggered ESMP and ESS,

				local, forestry laws and bylaws
3.4	Reporting Decision making	Conclude investigation and provide report to the designated authority	7 days	Maximum 30 days for each level of grievance handling i.e. LGRM, PGRM or FGRM (up to investigation and reporting) The investigating team must submit its report within 5 days after field investigation completed.
4 Implementation: Grievance redressed/conflict managed				
4.1	Decisions and instructions	Designated authority should endorse the decision made by investigating team	5 days	Decisions along with clear instructions for implementation should be provided to the implementing units/offices field
4.2	Redressing grievance	Implementation of the decision(s) made Compensation measures adopted as needed	7 days	Agreed Implementation mechanism to be developed, shared to and implemented for affected people/communities and stakeholders Compensation provided /transferred to the complainant as agreed
5 Monitoring and feedback				
5.1 Progress and outcomes		<ul style="list-style-type: none"> • Monthly report will be required from municipality and PPMUs • Quarterly progress report to WB/MoFE through PMU • Report back to stakeholders and general public through municipal level Multi-Stakeholder forums, provincial grievance committee (PGMC) and web sites as appropriate 		

8.6 World Bank Grievance Redress Service

235. Communities and individuals who believe that they are adversely affected by a World Bank supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service. The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate GRS, visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

Chapter 9 ESMF Institutional and Implementation Arrangements

236. Ministry of Forests and Environment (MoFE) and MoITFEs in 2 Provinces will be responsible for the overall management and coordination of the project through the establishment of a PMU at Federal level and one within each Provincial Government. Project activities under Components 1, 2 and 3 and 4 will be executed by all three tiers of government including MoFE, the Ministries of Industries, Tourism, Forests and Environment (MoITFE) in Provinces 2 and 5 and Local governments in 50 selected municipalities in these provinces. The implementation arrangements for each activity are detailed in the Project’s Operational Manual.

237. At Local Government level, the Forest, Environment and Disaster sections the Local Government Administration will be responsible for implementing a number of project activities (described in the Project Operational Manual) either directly by providing grants to user groups of various kinds, or through procurement of local service providers for delivering certain services. Other activities will be supported and implemented by sub-divisions of the Provincial Forest Directorates again working with CBFM groups of various kinds.

9.1 ESMF Implementation Arrangements

238. The E&S capacity assessment that was carried out during project preparation revealed that three tiers of government, particularly at the MoITFEs in provinces 2 and 5, have limited project implementational experience and staff lack sufficient technical capacities for supporting project activities. The project is conducting a “functional review” of the forestry sector and site-specific planning for forestry interventions, which will guide the precise details of support for capacity building under component 1.

239. Responsibilities and requirements for implementation of the ESMF at the four levels covered by the project (federal, provincial, local and community) are shown in Table 30. Project coordinators at the PMU/PPMU levels have overall responsibility for ensuring that the provisions of the ESMF are being implemented and will prepare annual reports (detailed in Chapter 12). Support will be provided by the technical experts hired by the PMU/PPMUs covering both social and environmental aspects (one at the federal level and two each in Provinces 2 and 5, for a total of five). Furthermore, additional E&S expertise (e.g. livelihoods expert, biodiversity expert, gender expert) will be contracted at the appropriate level if and when required.

Table 30: ESMF Implementation Responsibilities at Different Levels

Project Level	ESMF-related responsibility
Federal Level (PMU)	<ul style="list-style-type: none"> • Preparation of GESI strategy and action plan • Capacity development on ESMF and safeguards • Training manual development on ESMF • Overall coordination of project GRM • Gender integrated studies for value chains for forest products and forest-based enterprises • Federal level stakeholder engagement plan and implementation • Coordination of third party ESMF monitoring

Provincial Level (PPMUs in each Province)	<ul style="list-style-type: none"> • Development of provincial EA guidelines • GESI and social safeguards guidelines preparation and implementation • Capacity building on ESMF and social and environmental safeguards • Development of labor standards and occupational Health and Safety standards • Gender integrated value chain studies • EIA development for harvesting plans • Capacity development on health and safety (especially for timber harvesting and extraction) • Awareness for SMEs on regulations & health/safety • Environmental and social audits • Provincial stakeholder engagement plan and implementation • ESMF monitoring (third party)
Local Level (including local service providers)	<ul style="list-style-type: none"> • Capacity support for Judicial committees on GRM • Implementation and support for socially targeted project activities e.g. PLMGs, land allocation, pro-poor leasehold forest management and CBFM group governance through procurement of local service providers (including screening and preparation and implementation of ESMPs as required) • Capacity support for CBFM groups on GESI/safeguards • Management of safety and security fund for CBFM groups/households • Annual forest sector stakeholder forum
Community Groups	<ul style="list-style-type: none"> • Implementation of targeted project-supported activities including provisions of ESMPs as required

240. The project will prepare Annual Plans and Budgets covering all project activities at all levels (Federal, Provincial, Local and community). Details of this process will be provided in the project operational manual. Local governments will prepare their annual plans and budgets to be financed through conditional grants by following the 7-step process required by the Ministry of Federal and Local Government local planning Guidelines based on an initial estimate received from the MoF. Each planned activity will be screened by local service providers using the categories described in Chapter 5 to determine the level of social and environmental impacts and consequently to identify and plan for any necessary safeguards. Staff of the Forest, Environment and Disaster Sections of Local Government administrations will be trained to do this. In practice, this will not be too difficult since there will be a relatively limited set of activities which the project will support through Local Governments, most of which will be categorized as III or IV.

241. Site visits will be required for each location where project supported activities will be implemented. These will normally be undertaken by service providers hired by Local Governments to support particular activities and again, capacity building for these will be provided by the project. In

case further ESMPs are required, these will be developed on a site by site basis with any costs build into the overall activity costs.

242. Local service providers or User Groups will be responsible for implementation of different activities according to the financial arrangements in place with support, oversight and reporting responsibilities lying with the Local Government Forest, Environment and Disaster Sections. Any grievances will be registered with the Judicial Committee of the Local Government as per the GRM mechanisms described. Again, the project will provide capacity support for Judicial Committees to enable them to carry out this role.

243. Similar arrangement will apply to activities undertaken by Provincial Governments through their sub-divisional offices of the Forest Directorates. Again, annual plans and budgets for the project will be prepared by DFOs/sub-divisions with each activity categorized according to the ESMF. Most activities are again likely to fall into Categories III and IV. In case further ESMPs are required, these will again be developed on a site by site basis with any costs build into the overall activity costs.

244. Preparation of harvesting plans for selected municipalities will normally be undertaken by service providers procured by the Provincial PPMUs. These service providers will work closely with CBFM groups following the guidelines and standards developed by the PMU/PPMUs which would include compliance with the environmental impact requirements of the GoN. No implementation of harvesting will take place until all the necessary social and environmental safeguards have been met.

245. Component 3 activities will also be subject to environmental and social screening before loans can be provided for forest-based enterprise development. The detailed methodology for this will be reflected in the ESMSs established in the participating FIs. The Apex Body selected for the project will also be required to show that it has acceptable procedures and capacity for assessing, managing and monitoring risks and impacts of forest-based enterprises. The FIs will be required 1) to screen all forest-based enterprises receiving support; 2) to categorize them according to their potential risks and impacts; and 3) to ensure measures are implemented in accordance with the legal agreement between the FI and the borrower. In addition, the ESMSs of the participating banks or financial institutions will have to be broadly consistent with that of the Apex Body. Any FBE receiving support in the form of credit from the project will prepare an ESMP if required. The ESMP will be a condition for receiving the loan and will form part of the credit agreement with the concerned financial institution.

246. Other project activities (under Components 1 and 4) will be assessed using Strategic Environmental and Social Assessments (SESA), as appropriate, to identify adverse impacts and to put in place necessary safeguards and mitigation measures. This will be the responsibility of the technical experts of the PMU/PPMUs.

Chapter 10 ESMF Monitoring and Reporting

10.1 Purpose of ESMF Monitoring

247. The purpose of ESMF monitoring is to ensure that the provisions and requirements of the ESMF are being properly implemented at all project levels. The following general provisions will be applied to ESMF monitoring and reporting:

- All people involved with implementing the provisions of ESMF for the various project activities (sub-projects in the case of the DGM) have the necessary knowledge and skills to perform their responsibilities and if required, to carry out the necessary actions, under ESMF
- All project activities (sub-projects in the case of the DGM) are carried out as per the environmental and social requirements of the ESMF
- ESMF-related problems that arise during the course of implementation are identified and addressed as early as possible so that they do not subsequently hinder the outcomes of the project
- Environmental and social mitigation actions as required under the various chapters of this ESMF are being incorporated into the site-specific environmental and social monitoring plans for different project activities and being properly implemented.

10.2 ESMF Monitoring and Reporting Arrangements

10.2.1 Project Level

248. Table 31 outlines the responsibilities and actions for ESMF-related monitoring by the project at different levels.

249. The monitoring and evaluation mechanisms for ESMF will be aligned, as far as possible, with the monitoring and evaluation systems for the FFP project as a whole. This will reduce costs and will avoid de-linkage of ESMF from project. However, there are some specific monitoring requirements for the ESMF that are not necessarily captured by the project's monitoring framework e.g. in the results framework and these will be separately monitored.

250. The project, with support from M&E specialists, will develop guidelines for ESMF-related monitoring indicating the responsibilities listed in Table 31 and including the necessary formats for the various ESMF monitoring requirements and ensuring that this enables an effective and participatory monitoring process as required for different activities. Note that although closely linked with it, ESMF monitoring and reporting differs from wider project monitoring which reports against the results framework in the PAD.

251. Capacity building for ESMF monitoring (including training on GESI) is critical to the successful implementation of the ESMF to meet all the required safeguards. Provision for this has been made in the project budget under Component 1.

Table 31: ESMF Monitoring and Reporting Responsibilities at Different Levels

Project Level	ESMF-related monitoring and reporting responsibility
Federal Level (PMU)	<ul style="list-style-type: none">• The PMU will collate annual Provincial ESMF reports into an annual project ESMF monitoring report which will be submitted to GoN and the World Bank along with the regular project annual report and accounts.• Additional third-party monitoring will be procured by the PMU with independent monitors who will visit selected project sites and assess

	<p>compliance with ESMF and with any site-specific provisions and environmental and social mitigation measures.</p> <ul style="list-style-type: none"> • Annual ESMF monitoring reports will be disclosed by GoN and by the World Bank on their websites.
Provincial Level (PPMUs in each Province)	<ul style="list-style-type: none"> • PPMUs will collate annual reports including any environmental and social safeguards provisions based on ESMPs for all participating Local Governments. • These will be compiled into a Provincial ESMF report submitted annually to the PMU • Additional third-party monitoring will be procured by the PPMU with independent monitors visiting selected project sites to assess compliance with ESMF reporting and agreed mitigation measures. Their reports will be submitted along with the annual Provincial ESMF monitoring report.
Local Governments and local service providers	<ul style="list-style-type: none"> • Overall monitoring and reporting on ESMF lies with the Forest, Environment and Disaster Sections of the Local Government administration. Capacity development and necessary formats to do this will be provided by PPMUs • On completion of each activity, a short report covering the implementation of the provisions of the ESMP will be prepared by the service provider (if required) and will be submitted to the Local Government before final payments of the service contract. • In case any environmental and social safeguards issues are raised, these will be channelled through the project's GRM with the first step being to register the complaint with the Judicial Committee. • Each participating municipality will produce an annual report for the project covering all project activities including where any specific environmental or social safeguards have been required under ESMPs.
Community Groups	<ul style="list-style-type: none"> • As part of the provisions of grants provided to user groups, groups will submit regular reports including conducting public audits and public hearings to identify any adverse impacts. • Complaints will be referred to the Local Governments Judicial Committees.

10.2.2 Local Government Level

252. Local Governments will be implementing various project interventions either through grants to CBFM groups of various kinds or through service providers procured to provide specific types of services for the project. Procurement guidelines (under the Public Procurement Act) require monitoring as part of the activity delivery process. The ESMF requirements for environment and social monitoring will be built into these processes to ensure compliance with the relevant ESSs. Activities will be monitored on a regular basis by the Local Government's Forest, Environment and Disaster

Sections to ensure compliance with the ESMF. Capacity building will be provided by the project to enable this.

253. Annual plans produced by Local Governments will include various project activities some of which will require consideration of their ESMF safeguards. Plan for interventions will need to demonstrate that all safeguards have been met before starting to be implemented and also during the course of implementation. Capacity building on ESMF for Local Government's Forest, Environment and Disaster Sections is included as a project activity in Component 1. This will enable them to satisfy the requirements for meeting the ESSs for all the project activities for which they are responsible – whether implemented directly via CBFM groups or through local service providers.

10.2.3 Community Level

254. CBFM groups have their own monitoring systems which will be strengthened to ensure compliance with the ESMF, by capacity building delivered through local service providers. Amongst the tools available for communities are Public Audits and Public hearings which are already being used by communities. Others will be developed by the project based on specific needs and as specific issues arise.

255. The project aims to strengthen partnership arrangements between CBFM groups and Local Governments. This will involve joint monitoring of project interventions and environmental and social safeguards conducted by members of CBFM user groups along with local elected representatives (e.g. members of the Local Government Thematic Committees covering the forestry sector) and technical staff of the Local Government's Forest, Environment and Disaster Sections. For activities involving Provincial Government (through the Provincial Forest Directorates), DFO and sub-division staff will conduct joint monitoring along with Local Government representatives. Procedures for joint monitoring will be developed by the PMU/PPMUs project and the results (joint monitoring reports) will be utilized by the project to strengthen its own ESMF monitoring system.

10.2.4 Internal ESMF Monitoring and Reporting

256. Internal monitoring for ESMF will be the responsibility of the M&E specialists in the PMU and PPMUs with responsibilities as shown in Table 31. Project activities planned by Provincial Governments and Local Governments will be screened to assess their requirements for environmental and social safeguards monitoring before they are implemented. M&E specialists will provide field level support in situations where this is required and will develop a simple monitoring system for field reports covering those activities identified as requiring implementation of additional environmental and social safeguards and ESMPs. These reports will be aggregated at the Provincial PPMU and then submitted to the PMU for the preparation of ESMF reports. These reports will cover (for those activities that require application of environmental and social safeguards):

- List of consultations held (sites, dates, names or participants)
- Main points arising from consultations
- Description of mitigating actions (if required)

257. Follow up monitoring visits will be required to ensure the effective implementation of any required mitigation measures and to assess whether the safeguards continue to be met.

10.2.5 External ESMF Monitoring and Reporting (Independent Audit)

258. External or third-party ESMF monitoring (independent audit) will be conducted biannually to ensure that all safeguards are being properly addressed and that mitigation measures are being implemented where these are required. The audit will be able to identify and recommend any

amendments to the approach embodied in this ESMF to improve its effectiveness. The third-party monitoring will be done by an independent body procured by the PMU/PPMUs, external to the project, not a beneficiary nor part of the project management and implementation structure.

259. Annual external monitoring will also validate and check the internal, project level monitoring systems. It will also ensure that the project's GRM system to address complaints is functioning effectively. Some site visits may be required by the Independent Auditors to determine the real situation and to check on the measures that have been applied.

Reporting

260. The PMU will submit annual ESMF monitoring reports to the World Bank. The reports will be disclosed in the GoN and World Bank webpages.

261. ESMF monitoring reports during the project implementation will provide information on key environmental and social aspects of the project activities and on the effectiveness of ESMF and ESMPs. Such information will allow the PMU and the World Bank to evaluate the success of measures to mitigate adverse impacts within the project and allow corrective actions to be identified and taken at an early stage.

10.2.6 Supervision by the World Bank

262. Supervision of ESMF-related project activities, including through field visits as appropriate, will also be carried out as part of the World Bank's regular project supervisions. In the case of specific issues/complaints or non-compliance with the ESMF, the World Bank task team may wish to contract further independent monitors to carry out site-based investigations and prepare reports identifying further actions required.

Chapter 11 Costs of ESMF Implementation

263. Implementation of the ESMF will be financed from within the project budget. This can be considered in two ways. First, the budget requirements for the implementation of the necessary actions identified in this ESMF document such as recruitment of E&S specialists, capacity building, stakeholder engagement (SEP), development and implementation of the GRM, field level monitoring and taking necessary mitigating actions. These activities are described in Table 32. Note that this does not include the costs assigned from project management e.g. the costs of M&E specialists on the project team.

264. The second part of budgeting for ESMF is for those interventions within the project that are already specifically designed to tackle social and environmental issues. For example, provision for Dalits and poor households within community forestry is made through an activity of land allocation inside community forest for the use of target households for fodder and NTFP production. Piloted and developed over several years by earlier projects, this activity now appears in the Forest Act (2019) for the first time. Several other project interventions that make specific provision for socially excluded and other disadvantaged people are shown in Table 33.

265. The overall costs of ESMF implementation for the project duration is approximately US\$ 0.9 million (or NRS 106,000,000) which is about 3.8 percent of the overall project budget. A further US\$ 3.5 million (or NRS 398,600,000) is budgeted for activities specifically targeted at meeting the project's environmental and social safeguards such as making specific provision for IPs, women and disadvantaged groups within project-supported activities or ensuring environmental standards are being met through use of Environmental Assessments of project activities. This represents about a further 16 percent of the overall project. In total this means that almost 20 percent of the project budget is directly linked with or contributes to the project's adherence to environmental and social sustainability standards.

266. The costs incurred by Project activities related to the implementation of their mitigation measures will be included in each of their ESMP budgets during the preparations of ESMPs.

Table 32: ESMF Implementation and Monitoring Budget

Code	Activity	Level	Budget Yrs. 1-5 (NRS)	Comment
4.1.5	Technical Specialist (covering E&S safeguards)	Federal PMU	15,000,000	Note that M&E specialists will also have some responsibility for ESMF monitoring
4.2.6 & 4.3.6	E&S Specialists (x2)	Provincial PPMUs	24,000,000	Note that M&E specialists will also have some responsibility for ESMF monitoring
1.1.10	Project GRM development	Federal PMU	1,500,000	
1.1.44 & 1.1.58	Capacity support for judicial committees on GRM	Municipalities in Provinces 2 & 5	5,000,000	Awareness raising and process

				development for GRM
1.1.11	SEP & implementation (Federal level)	Federal PMU	1,200,000	At Federal level
4.2.12 & 4.3.12	Environmental and Social Audits (Provinces 2 & 5)	Province 2 & 5 PPMUs	5,000,000	
4.1.23 & 4.1.36	SEP & implementation (Province 2 & Province 5))	Province 2 & 5 PPMUs	4,000,000	Includes annual stakeholder meetings at Province level
4.4.1 & 4.5.1	Annual forest sector stakeholder forum	Local forest sector stakeholders	18,000,000	Organized by local governments
4.1.23	Independent 3 rd party ESMF monitoring	Federal PMU	2,000,000	Contracted by Federal PMU annually
4.2.19 & 4.3.19	ESMF Monitoring	Provinces 2 & 5 PPMUs	3,000,000	Contracted by PPMU annually
	Total		78,700,000	

Table 33: Costs of Project Interventions Contributing to Social Safeguards

Code	Activity	Target group	Budget (yrs. 1-5) NRS
1.1.7	Review and update GESI strategy and action plan	Forest sector stakeholders	600,000
1.1.8	ESMF and safeguards and GESI training manual development	Forest sector stakeholders	500,000
1.1.9	Capacity building on ESMF, safeguards and GESI	Forest Sector stakeholders	900,000
1.1.17 & 1.1.30	Provincial EA guidelines development	Provincial Government	400,000
1.1.18 & 1.1.31	Provincial GESI & social safeguards guidelines preparation and implementation	Provincial forest sector stakeholders	3,200,000
1.1.19 & 1.1.32	Capacity building on ESMF, safeguards and GESI	Provincial forest sector stakeholders	1,800,000
1.1.49 & 1.1.63	Capacity building for CBFM group governance (incl. leadership, benefit sharing, GESI)	Communities	25,000,000
2.1.5, 2.1.6, 2.1.12 & 2.1.13	Formation & handover LHF incl. OP & constitution preparation	Communities especially poor	5,700,000
2.1.9 & 2.1.14	Capacity support for CBFM groups (GESI)	Communities	30,700,000
2.1.6 & 2.1.20	Land allocation with fodder management and NTFPs and livestock support inside CBFM areas (for Dalits/women)	Communities especially Dalits and poor	32,500,000

2.1.17 & 2.1.21	Safety & security fund for CBFM groups (matching fund)	Communities especially vulnerable groups	30,000,000
2.2.13 & 2.2.22	Soil and water Conservation (linked with PLMG)	Communities especially vulnerable and poor	47,925,000
2.2.9 & 2.2.18	Group establishment & capacity support for public land management groups (Terai)	Communities especially women and landless	27,500,000
3.1.9 & 3.1.29	Awareness raising on insurance liabilities	Forest workers	800,000
3.1.21 & 3.1.31	Capacity development on health & safety	Forest workers and enterprise workers	6,000,000
3.1.20 & 3.1.30	Safety equipment & harvesting and timber extraction equipment	Forest workers	60,000,000
3.2.3 & 3.2.10	Awareness for SMEs on regulations & health/safety	Forest workers and enterprise workers	9,600,000
3.1.11	Gender integrated value-chain studies for timber and wood products	Women	3,600,000
3.1.13 & 3.1.23	Development of labor standards & occupational H&S directives	Forest workers and enterprise workers	2,400,000
1.1.11	Federal stakeholder engagement plan & implementation	Forest sector stakeholders	1,200,000
1.1.23 & 1.1.36	Provincial stakeholder engagement plan & implementation	Provincial forest sector stakeholders	4,000,000
4.4.1 & 4.5.1	Annual forest sector stakeholder forum	Local forest sector stakeholders	18,000,000
	TOTAL		312,325,000

Annex 1: Indigenous Peoples Planning Framework (IPPF)

Chapter 1: INTRODUCTION TO THE INDIGENOUS PEOPLES PLANNING FRAMEWORK

A. Background

267. This annex describes the Indigenous Peoples Planning Framework (IPPF) which complements the Environmental and Social Management Framework (ESMF) for the Forests for Prosperity (FFP) Project. The FFP Project will be financed by the World Bank and will be implemented by the Government of Nepal (GoN) including by the Federal Government, by Provincial Governments in Provinces 2 and 5 and by selected Local Governments (municipalities) in Provinces 2 and 5.

268. The IPPF for the project reflects the principles and procedures formulated in the national legislation and policies of Nepal related to social safeguards and ensures the application of the World Bank's *Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Undeserved Traditional Local Communities*¹⁷ in connection with FFP Project implementation.

B. Rationale and Objectives of the IPPF

269. The IPPF provides a framework by which indigenous peoples involved in the FFP Project can avoid adverse effects and share fully in Project benefits, thereby contributing to local community development and the fulfilment of some of the Project's core objectives. The National Foundation for Upliftment of Adivasi/Janjati Act, 2058 (2002) has identified 59 groups as Adivasi/Janajati (or indigenous peoples or nationalities) in Nepal. Environmental and Social Assessment conducted during project preparation indicates that customary tenure and cultural rights of some indigenous communities whose livelihoods are dependent on forest resources to a greater extent than others may be affected while implementing the proposed project interventions, unless proper safeguards are applied and monitored continuously.

270. This IPPF aims to minimize possible risks resulting from FFP Project interventions for indigenous peoples. It specifically addresses ESS 7 requirements of the World Bank's ESF.

271. The IPPF will apply to all FFP Project activities where there are indigenous peoples. Indigenous peoples can be defined as distinct social and cultural groups with following characteristics in varying degrees:

- self-identification as members of a distinct indigenous social and cultural group and recognition of this identity by others; and
- collective attachment to geographically distinct habitats, ancestral territories, or areas of seasonal use or occupation, as well as to the natural resources in these areas; and
- customary cultural, economic, social, or political institutions that are distinct or separate from those of the mainstream society or culture; and
- a distinct language or dialect, often different from the official language or languages of the country or region in which they reside.

¹⁷ 2016. World Bank Environmental and Social Framework: ESS 7

272. The objective of the IPPF is to manage and implement the proposed FFP Project in a way that avoids adverse effects on indigenous communities and mitigates these effects in a culturally appropriate manner if and when they occur. It also aims to channel project benefits to these communities in a culturally appropriate, gender-sensitive and intergenerationally inclusive way.

273. The specific objectives of the IPPF are:

- To incorporate and design project activities that have particular benefits for indigenous through meaningful consultations with the indigenous peoples communities affected by a project throughout the project's life cycle (based principally on many years of experience with community-based forest management in Nepal);
- To avoid any negative effects, or impacts, on the livelihoods and cultures of indigenous peoples by avoiding any project activities that create such effects or, if necessary, by putting in place mitigating and management measures, while also promoting meaningful consultation approaches and maintaining effective grievance and compensation mechanisms.
- To continuously monitor and assess the impacts of the project on indigenous peoples through monitoring, studies and engagement with communities and their representatives.

C. Methodology

274. The IPPF was prepared during the project preparation phase by the same team who were responsible for the overall project design. This included an extensive consultation process as documented in the FFP Project Stakeholder Engagement Plan (SEP)¹⁸ including: key informant interviews; focus group discussions; one-to-one meetings with key informants; general meetings; site visits; interaction workshops; and validation workshops (held at different levels). Particular emphasis during the stakeholder engagement process was placed on consultations with indigenous peoples in the project area (refer to the SEP document Table 3, "Summary of Consultation Events Held, Discussion Points and Issues Raised" and Table 4, "Stakeholder Analysis with Current Role, Issues and Concerns, Expectations and Corresponding Measures").

Chapter 2: SCOPE FOR INDIGENOUS PEOPLES' DEVELOPMENT

A. Identification of Indigenous Peoples in the Project Area

275. The Project will directly benefit numerous communities participating in CBFM groups, small landowners establishing forest plantations and small and medium sized entrepreneurs (and their employees) involved in forest product harvesting, sale, transport and processing. Field visits and stakeholder consultations undertaken during the project preparation phase indicate that indigenous peoples, mainly Tharus, Magars, and Tamang followed by other ethnic groups are residing in the proposed provinces for project implementation, i.e. Province 2 and Province 5, and have expectations from the proposed FFP Project.

B. Profile of Indigenous Communities in the Project Area

276. The distribution of caste/ethnic population in the project area is provided in Table 34.

¹⁸ 2020. Government of Nepal, Ministry of Forests and Environment, Forests for Prosperity Project Stakeholder Engagement Plan (draft)

Table 34: Distribution of population by major caste/ethnic groups in the Project Area

Category	Province 2		Province 5		Total (for project area)	
	Population	Percent	Population	Percent	Population	Percent
Chhetri	162,124	3	762,472	17	924,596	9
Bahun	216,166	4	583,067	13	799,232	8
Hill Janajati (Newars not included) * Major groups are Magar, Tamang	270,207	5 0	807,323	18 16	1,077,530	11
Newar	27,021	0.5	44,851	1	71,872	1
Terai Janajati * Major group is Tharu	486,373	9 5	717,620	16 15	1,203,994	12
Terai middle caste (Yadav)	2,593,990	48	583,067	13	3,177,056	32
Hill Dalit	27,021	0.5	448,513	10	475,534	5
Terai Dalit	972,746	18	224,256	5	1,197,003	12
Muslim	648,497	12	313,959	7	962,456	10
Total	5,404,145	100	4,485,128	100	9,889,273	100

277. The largest ethnic group is Terai Middle Caste (32 percent) followed by Terai Janajati (12 percent), Terai Dalit (12 percent), Hill Janajati (12 percent) and Muslim (10%). In Province 2, the largest group is Terai middle castes (48 percent), second largest is the Terai Dalit castes (18 percent) while third largest is the Muslim population (12 percent). Fourth largest population in Province 2 is the Terai Janajati (9 percent). In Province 5, there is much more ethnic spread with no single caste/ethnic group larger than 20 percent of the population. Hill Janajati are 19 percent and Terai Janajati are 16 percent. Terai middle caste is the third largest group (13 percent) with hill Dalits 10 percent.

278. The project will be implemented in 50 municipalities within the participating provinces, out of a total of 245. Identification and selection of these municipalities will not take place until the start of the Project; consequently, specific details of the social profile of participating municipalities cannot be given at this stage.

279. Since it is not proposed to identify the 50 participating municipalities for the Project at the project preparation stage, nor the specific sites/locations within these where Project interventions will take place, it is not possible to identify exactly which indigenous communities may be affected – either as Project beneficiaries or as those who could potentially suffer adverse impacts as a result of Project activities.

280. Once participating municipalities and specific sites for implementation of planned FFP Project activities are identified and decided, social surveys will be carried out in the field to assess and verify whether indigenous peoples inhabit the proposed sites and, if so, to gather disaggregated data by indigenous group. These social assessments will be underlain by culturally appropriate stakeholder engagement and communications methods, and their results will feed into the preparation of site-specific, time-bound Indigenous Peoples Plan (IPPs), as needed.

C. Potential Indigenous Peoples Issues and Impacts

281. The project is specifically designed to incorporate certain activities that are directly intended to have positive livelihoods benefits for indigenous peoples and that have been shown to be successful in previous projects. These are shown in Table 35

Table 35: Project Activities targeting Indigenous Peoples households

	Project Activity/Intervention	Target IP Groups
1	Leasehold forestry	Magar, Tamang and other ethnic groups forest dependent households and local communities
2	Land allocation inside community forest for NTFPs/fodder production	Poor households of any ethnicity, including Magar, Tamang, and Tharu . Women-headed households among these ethnicities will also benefit
3	Public land management	Terai ethnic groups especially Tharus , inc. women
4	Support for pro-poor groups for forage/fodder plantations & livestock rearing	Poorest members of Community Forest User Groups, Mid-Hills and Terai ethnic groups
5	Community-based adaptation actions	Most climate-vulnerable ethnic households of CBFM groups (in Chure) and Public Land management Groups (in Terai)

282. In addition, the project will support the direct involvement of poor and marginalized forest-dependent people in a range of CBFM activities such as SFM in CBFM areas; sustainable harvesting of forest products; watershed conservation and restoration; forest-based enterprise development and a wide range of capacity building activities. Capacity development of indigenous peoples communities will also be provided through a linked Dedicated Grant Mechanism (DGM) which will be separately implemented by a National Executing Agency (NEA) overseen by a National Steering Committee (NSC) that is co-coordinated by major IP organizations in Nepal such as NEFIN, NIWF, etc.

283. Proposed project activities such as SFM, establishment of private plantations, and development of forest-based enterprises could potentially have negative social impacts including elite capture, reduced access to traditional forest resources, or social exclusion as a result of certain groups and households not being as well positioned as others to take full advantage of the project activities and benefits. These issues and the associated interventions to address them are fully described in the Environment and Social Assessment Report which forms part of the ESMF.

Chapter 3: LEGAL AND POLICY FRAMEWORK

A. Key Policy Norms and Principles

National Forest Policy (2019)

284. National Forest policy has clearly provisioned for the documentation, registration, and protection of traditional knowledge, skills, practices, socio-cultural systems, art, intellectual property of indigenous and local communities related to biodiversity and its derivatives.

National Climate Change Policy (2019)

285. National Climate Change Policy aims to contribute to socio-economic prosperity of the nation by building a climate resilient society. Two of the objectives of this policy related to indigenous peoples communities are to enhance climate change adaptation capacity of persons, families, groups and

communities vulnerable to, and at risk of, climate change and mainstream gender equality and social inclusion into climate change mitigation and adaptation programs.

National Environmental Policy (2019)

286. National Environmental Policy has provisioned special preference to women, Dalits, indigenous peoples, Madhesis, poor, disables, children and senior citizens while providing compensation. Likewise, this policy has given priority to women, Dalits, indigenous peoples, poor and excluded community in capacity development programs of environmental sector.

National Employment Policy (2015)

287. National Employment Policy has policies to make credit, information and business development services more accessible for the youth, women, indigenous nationalities and marginalized communities to help them start cottage, small and medium industries and impart entrepreneurial and self-employment-related training for employment to the youth, Madhesis, indigenous nationalities, Muslims, the physically challenged, Dalits, conflict-affected, vulnerable, marginalized and minority communities of rural areas.

B. National Legal Framework

The Constitution of Nepal (2015)

288. The Constitution of Nepal, Article 18, Right to Equality, states that all citizens shall be equal before law. No person shall be denied the equal protection of law. However, the article also mentioned that there shall be no bar to the making of special provisions by law for the protection, empowerment or advancement of the women lagging behind socially and culturally, Dalits, Adibasi, Madhesi, Tharus, Muslims, oppressed class, backward communities, minorities, marginalized groups, peasants, laborers, youths, children, senior citizens, sexual minorities, persons with disability, pregnant, incapacitated and the helpless persons, and of the citizens who belong to backward regions and financially deprived citizens including the Khas Arya.

National Foundation for Upliftment/Development of Indigenous Nationalities Act (2002)

289. The National Foundation for Upliftment/Development of Indigenous Nationalities (NFDIN) Act established the first comprehensive policy and institutional framework pertaining to Indigenous groups. The act defines indigenous groups as "a group or community having its own territory, own mother tongue, traditional rites and customs, distinct cultural identity, distinct social structure and written or unwritten history". The government, through NFDIN, has identified and officially recognized 59 such indigenous communities.

Indigenous Nationalities Commission Act (2017)

290. Pursuant to Art.261 of the Constitution of Nepal, 2015 an Indigenous Nationalities Commission (INC) Act has been formulated to look into the matters of indigenous peoples.

Indigenous Nationalities Commission (INC)

291. INC is governed by the Constitution of Nepal and Indigenous Nationalities Commission Act, (2017). The functions and duties of INC are to submit national policy as well as programmes to the Government of Nepal for the protection and promotion of the rights of Indigenous peoples and their empowerment, to make recommendations to the Government of Nepal on the measures to adopt for the effective implementation of policy and programmes on indigenous peoples, to carry out monitoring and evaluation of the policy, law and programmes relating to indigenous peoples, to make recommendations to the Government of Nepal on changing existing law in order to ensure proportional and inclusive representation of indigenous peoples in state structures, to prepare and

execute programmes for the protection and development of language, script, culture, history, tradition, literature, and arts and to conduct awareness programs for the empowerment of indigenous peoples.

National Dalit Commission Act 2017

292. National Dalit Commission is a constitutional body established with a view to provide safeguards against the exploitation of Dalits, to promote and protect their social, educational, economic and cultural interests. The Act was adopted to protect, preserve and promote the human rights and interests of the Dalit community, which make up about 13% of the population of Nepal. It aims to reduce discrimination derived from caste-based bias.

International Labor Organization (ILO) Convention (1989)

293. The ILO Convention no. 169 is the most comprehensive legally binding treaty on the rights of indigenous peoples. The Convention includes provisions on cultural integrity, land and resource rights and non-discrimination, and instructs states to consult indigenous peoples in all decisions affecting them.

United Nations Declaration on the Rights of Indigenous Peoples (2007)

294. Articles 1-4 of the United Nations Declaration on the Rights of Indigenous Peoples ensures the individual and collective rights of indigenous peoples, as well as their rights to culture, identity, language, employment, health, education and other issues while implementing any development activities in the traditional territory of the IP.

Convention on the Biological Diversity (1993)

295. Convention on the Biological Diversity Article 8(j) affirms the rights of indigenous and local communities over their knowledge, innovation and practices embodying traditional lifestyles relevant for the conservation and sustainable use of biological diversity and to be involved in their wider application and to participate in the equitable sharing arising from them.

296. The world renowned success of Nepal's community forestry program in engaging local communities in forest management with explicit tenure rights of managing, utilizing and trading forest resources (not the land itself) reveals that traditional and customary land tenure rights of local and or indigenous communities in the FFP Project area has been already recognized under various national laws that will be duly respected while implementing the proposed project interventions.

297. Communities managing community forest, leasehold forest, and collaborative forest have rights to manage, use and trade forest products from their forests as provided by the Forest Act (2019) and any subsequent regulations developed and approved under this Act.

298. For example, regulations under the previous Forest Act (1993) made various provisions for poor and forest dependent ethnic minorities from the local communities including: (i) to manage degraded forest land under leasehold forestry (they are required to prepare an operational plan and constitution and apply to the Division Forest Office for the leasehold forest. After, thorough review of the plan Division Forest Office provides the forest area on lease under certain contractual agreement); (ii) Land allocation for poor households inside Community-managed forests is mentioned in the Forest Act (2019); (iii) provision of 36% of the CBFM budget for poor is mentioned in the Forest Act (2019)¹⁹

¹⁹ After allocation of 25% of their budget for reinvesting in forest management activities, 50% of the remainder must be used for pro-poor activities.

(iv) religious institutions can also safeguard their customary and or religious rights under the religious forestry programme (although they cannot harvest forest products).

299. In addition, in their own constitutions and operational plans, many CBFM groups have made specific provision for their indigenous household members. For example, in the Terai, Collaborative Forest Management Groups have established timber/fuelwood depots in the southern part of the Terai districts to ensure that distant forest users are not excluded from access to forest products. Some CFUGs have made special provisions to enable Kami (blacksmith) households to continue to obtain charcoal from the forests (essential for their traditional livelihoods). There are numerous examples of pro-poor and socially inclusive governance.

C. World Bank Standard on Indigenous Peoples

300. The IPPF is based on organizational arrangements and design criteria aiming at addressing and respecting the safeguard principles, as required by ESS 7 of the World Bank's Environmental and Social Framework. Affected people/families will get necessary support under this framework. Basic contents of ESS 7 are:

- In relation to FFP project it falls in the category of projects where indigenous peoples communities are not the sole beneficiaries of the project.
- The project will prepare an Indigenous Peoples Plan (IPP) based on this Framework.
- The project will avoid or if avoidance is not possible mitigate adverse impacts on IPs placing necessary safeguards measures in place and ensuring equitable benefits from the project interventions
- If and when project interventions will require relocation of IPs, significant impact on their cultural heritage, have adverse impacts on land and natural resources subject to traditional ownership or under customary use or occupation under these circumstances free, prior and informed consent (FPIC) will be obtained as per the requirement of ESS 7 of the World Bank.

Chapter 4: INDIGENOUS PEOPLES PLANNING

A. Underlying Principles and Objectives

301. The World Bank Standard on Indigenous Peoples (ESS 7) requires that before all FFP project activities--including those relating to forest-based enterprises and sustainable timber harvesting--are implemented, site-specific social assessments must be carried out and Indigenous Peoples Plans (IPPs) must be developed, especially in cases where there are likely to be negative impacts on them, and/or they constitute a vulnerable minority within a larger and ethnically diverse project area.

302. Further, site-specific social and environmental screening of enterprise development, SFM and timber harvesting will assess how and to what extent specific high-risk FFP project activities may impact indigenous peoples, requiring the development of IPPs as needed. These will be developed jointly through a process of consultation with the DGM Steering Committee and in close coordination with those activities being supported through the DGM to avoid duplication and overlap and to address the particular needs of the indigenous with the following objectives:

- To avoid adverse impacts of project on Indigenous Peoples Communities, or if avoidance is not possible, to minimize, mitigate and/or compensate for such impacts.
- To obtain the Free, Prior and Informed Consent (FPIC) of indigenous peoples and historically underserved traditional local communities, whenever it is identified that FFP project activities 1)

may have adverse impact on land and natural resources subject to traditional ownership or under customary use or occupation; 2) when implementation of project activities may cause relocation of IPs; or 3) when Project activities will have significant impacts on IPs cultural heritage that is material to the identity, and/or cultural, ceremonial, or spiritual aspects of the affected Indigenous Peoples.

- To recognize, respect and preserve the culture, knowledge and practices IPs, such as tenure, access to natural resources, territories, livelihood, traditions, and traditional systems of forest and natural resource management and use.
- To promote continued stakeholder consultations and engagement during project implementation, as well as the means to complain or provide feedback via the Grievance Redress Mechanism developed of the Project (see Chapter 13 of the SEP).

B. Free, Prior and Informed Consent

303. Free, prior and informed consent (FPIC) is essential for planning and implementation process in the context of project-affected indigenous peoples. FPIC serves as a safeguard to ensure that potential impacts on indigenous peoples will be considered in the design and planning process of the project. To achieve this, FPIC shall be considered as a safeguard mechanism, considering that there are a series of key elements that are interconnected in this process as below:

- **Free:** Independent process of decision making;
- **Prior:** Right for indigenous peoples to undertake their own decision-making process regarding any project potential effects that concerns them before its implementation;
- **Informed:** Right to be provided and to have sufficient information on matters for decision making and;
- **Consent:** Collective and independent consent of project effected communities after undergoing through their own process of informed decision making

304. The core elements of common understanding of FPIC include:

- The absence of intimidation, manipulation, or coercion of indigenous peoples communities in the FPIC process;
- Consultation and the seeking of consent well in advance of any project activities, and with due respect for the time required by indigenous peoples to conduct their customary decision-making processes for the scoping and all subsequent phases of a project;
- The dissemination of information in understandable languages and accessible formats (written and oral) about all aspects of a proposed project, including:
 - a. Its purpose and duration;
 - b. The geographical areas it will affect;
 - c. A preliminary assessment of its likely environmental, social, cultural, and economic impacts, including potential risks;
 - d. Fair, equitable, and culturally appropriate benefits sharing mechanism;
 - e. The personnel from various sectors (including indigenous peoples, intergovernmental agencies, research institutions, and others) who are likely to participate in the project; and;

305. FPIC Procedures that the project may follow include:

A consent process preceded by full and effective consultation, both of which:

- Use an appropriate communication system;

- Allow indigenous peoples to participate broadly and through their own, freely chosen representatives and customary or other institutions;
- Take into account the viewpoints of children and youth;
- Include the option of withholding consent;
- Take into account the viewpoints of children and youth; and
- The establishment of specific mechanisms and procedures to ensure the indigenous peoples' equal access to human, financial, and other material resources to enable them to fully and effectively participate in the FPIC process and oversight, independent review, and redress of the FPIC process.

C. Indigenous Peoples Plan

306. An IPP will cover, as a minimum, the following elements:

- Material Measures and actions to ensure affected populations receive appropriate and equitable benefits;
- Material Measures and actions to mitigate the impacts that may result from high-risk activities, as identified during the social assessment and free, prior, and informed consent process;
- Material Measures and actions to include representatives of the affected indigenous and local communities in the decision-making bodies of the FFP project and decision-making processes during implementation and monitoring and;
- Budgetary allocations from project budget to ensure implementation of the plan.

Annex 2: Resettlement Policy Framework (RPF)

Chapter 1: INTRODUCTION TO THE RESETTLEMENT POLICY FRAMEWORK

A. Background

307. This annex describes the Resettlement Policy Framework (RPF) which forms part of the Environmental and Social Management Framework (ESMF) for the Forests for Prosperity (FFP) Project. The FFP Project will be financed by the World Bank and will be implemented by the Government of Nepal (GoN) including by Federal Government, Provincial Governments in Provinces 2 and 5 and by selected Local Governments (municipalities) in Provinces 2 and 5.

308. The RPF for the Project reflects the principles and procedures formulated in the national legislation and policies of Nepal related to social safeguards and ensures the application of the World Bank's Environmental and Social Standard 5 (ESS 5): *Land Acquisition, Restrictions on Land Use and Involuntary Settlement*²⁰ in connection with FFP Project implementation.

309. Although implementation of the FFP Project and its activities is not expected to require any type of land or property acquisition from people living in the proposed Project area, this RPF is prepared as a precautionary measure in case of any unintended circumstances involving land acquisition or restrictions on land use leading to physical and/or economic displacement, in which case this RPF will apply²¹.

B. Rationale and Objectives of the RPF

310. The objective of the RPF is to manage and implement the proposed FFP Project in a way that minimizes any adverse effects on persons or communities as a result of project-related land acquisition or restrictions on land use, whether temporary or permanent. This includes physical displacement (relocation, loss of residential land or loss of shelter), economic displacement (loss of commercial land, loss of assets or access to assets) and loss of income sources or other means of livelihoods.

311. The specific objectives of the RPF are:

- To avoid involuntary resettlement or if unavoidable to minimize involuntary resettlement by exploring project design alternatives
- To avoid forced eviction
- To mitigate adverse social and economic impacts resulting from land acquisition or restrictions on land use by providing timely compensation or be assisting displaced persons in their efforts to improve or at least restore their livelihoods and living standards
- To improve living conditions of poor or vulnerable persons who are physically displaced
- To develop and implement resettlement activities as sustainable development programs to enable displaced persons to benefit directly from the project

²⁰ 2016. World Bank Environmental and Social Framework: ESS 5

²¹ One exception to the application of the RPF would come in situations where community members lose access to natural resources as part of a collective effort to manage those resources more sustainably. In those circumstances, the provisions of this Framework would not apply, provided that 1) an assessment satisfactory to the Bank establishes that the community decision-making process is adequate and reflects voluntary, informed consensus; and 2) appropriate measures have been agreed and put in place to mitigate any adverse impacts on the more vulnerable members of the community.

- To ensure that any resettlement activities are planned and implemented with appropriate disclosure of information, meaningful consultation and the informed participation of those affected

C. Methodology

312. The RPF was prepared during the project preparation phase by the same team who were responsible for the overall project design. This included an extensive consultation process as documented in the FFP project Stakeholder Engagement Plan (SEP)²² including key informant interviews; focus group discussions; one-to-one meetings with key informants; general meetings; site visits, interaction workshops; and validation workshops (held at different levels). Particular emphasis during the stakeholder engagement process was placed on consultations with women, indigenous peoples and other disadvantaged and vulnerable groups in the project area.

Chapter 2: SCOPE FOR RESETTLEMENT

A. Potential Resettlement Issues and Impacts

313. The project will be implemented in Provinces 2 and 5 which were selected for their SFM potential and as suitable locations for forest-based SMEs. At the start of the project, within these two provinces, 50 municipalities in clusters will be selected for project implementation according to agreed criteria including their potential for community-based SFM, potential for new plantation establishment, location for forest-based enterprises, currently low levels of rural employment and incomes, and willingness and basic capacity to participate in the project. Municipalities with fully staffed finance and administrative sections that are prepared to hire their own technical (forestry) staff will be preferred. Forest-based SMEs supported by the project may be located anywhere within these two provinces (not necessarily within the participating municipalities).

314. The project is expected to have various positive social impacts in these two provinces including:

- Livelihoods improvement through the provision of employment opportunities
- Capacity development of indigenous peoples and local communities (some of which will be provided through a linked Dedicated Grant Mechanism (DGM) which will be implemented separately
- Direct involvement of poor and marginalized forest-dependent people in a range of CBFM activities such as SFM of CBFM areas; watershed conservation and restoration; land allocation for Dalit and poor member households of CBFM groups; Leasehold Forest Management (for poorer households); Public Land Management (involving poor and vulnerable households mainly in the Terai) and community-based adaptation actions with specific focus on the most vulnerable households.
- Improved access to natural resources from community managed forests and public lands for poorer and landless households with specific provision being made for certain groups such as Dalits, poor, women and climate vulnerable households.
- Increased employment from forest nursery, private and public plantation, SFM, establishment and improvement of enterprises for poor and deprived sections of the community

²² 2020. Government of Nepal, Ministry of Forests and Environment, Forests for Prosperity Project Stakeholder Engagement Plan (draft)

315. Proposed project activities such as SFM, establishment of private plantations, and development of forest-based enterprises could potentially have negative social impacts including elite capture or social exclusion as a result of certain groups not being as well positioned as others to take full advantage of the project activities and benefits. These issues and the associated interventions to address them are fully described in the Environment and Social Assessment Report which forms part of the ESMF.

316. None of the negative socioeconomic impacts discussed in the ESMF result from the acquisition of land or involuntary resettlement, nor do any of the planned mitigation measures and actions identified to address project-related environmental or social issues envisage any type of resettlement. Consequently, a Resettlement Action Plan (RAP) is very unlikely to be required during the project period. Just the same, the process and content that would be required in the preparation of a RAP are described in Chapter 5.

Chapter 3: LEGAL AND POLICY FRAMEWORK

317. Government of Nepal (GoN) has its own policies and legal requirements for land acquisition and compensation while implementing development projects.

A. Key National Policy and Principles

318. **Land Acquisition, Rehabilitation and Resettlement Policy (2015).** The Government of Nepal has recently formulated this policy to facilitate the land acquisition process for infrastructure projects. The policy outlines the need to conduct an economic and social impact assessment of the development project, which was not a requirement under the earlier Land Acquisition Act (1977). Based on this assessment, projects will be categorized as high, medium, or low risk.

319. The policy also makes provision for project-affected families to be entitled to compensation. The compensation amount for those affected by the project will be fixed by a five-member compensation committee formed under the Chief District Officer. The committee can form a technical team to determine the compensation amount. This team should derive the compensation amount as close as possible to the minimum market rate by working closely with members of families that are likely to be displaced.

320. Those not satisfied with land acquisition, resettlement and rehabilitation processes can lodge complaints at a body formed at the project office and complaint hearing offices. If the verdict issued by the complaint hearing office is also deemed unsatisfactory, the person can take the case to the appellate court.

B. National Legal Framework

321. The Constitution of Nepal (2015), Article 25 (1) guarantees the fundamental right of a citizen, i.e. right to acquire, own, sell and dispose of the property. Article 25 (2) describe that the state cannot acquire the property of any person except in case of public interest. Article 25 (3) also states that compensation shall be provided for any loss of individual property for public interest.

322. GoN can acquire land through formal procedures as per the Land Acquisition Act (1977). The Act empowers the government to acquire any land, on the payment of compensation, for public purposes or for the operation of any development project initiated by government institutions. The acquisition and compensation for privately-owned land and assets are completed according to a formal procedure for which the steps are described in the Act:

- Sectoral agency decides to execute a development project at a certain location

- Sectoral agency requests the government to acquire land specifying objectives and committing payments of compensation and other expenses
- Government of Nepal approves and orders to initiate the process and Compensation Determination Committee is formed
- Public notification is made at public places in the project office, land revenue office, municipality office and to the affected households
- Necessary preliminary survey including boundary demarcation, agricultural production valuation, and social census of affected households
- Land Revenue Office report on the area and location of land to be acquired including likely compensation and amount of loss
- The local officer (Chief District Officer) issues notices including purpose of acquisition and detail of land to be acquired
- Land transaction is banned within the notified area
- Owner can file complaints within 7 days through the local officer
- Resolution of grievances within 15 days of complaint
- Acquisition of land and payment of compensation

323. The Land Acquisition Act (1977) also includes provision for acquisition of land through negotiations and thus provides space for voluntary donation. Clause 27 of the Act states that *"notwithstanding anything contained elsewhere in this Act, the Government may acquire any land for any purpose through negotiations with the concerned landowner. It shall not be necessary to comply with the procedure laid down in this act when acquiring land through negotiations."*

324. Land acquisition can also be made based on a willing buyer and a willing seller. This approach involves purchases or leases on a property at a price voluntarily agreed to by both future user and present owner without any explicit threat of state expropriation as an alternative means of acquisition. The owner(s) have a power of choice to refuse the proposed transaction. In some circumstances, land to be used for a development project may be donated on a voluntary basis without full payment of compensation. Such donations are only acceptable if the project can demonstrate a series of criteria described in the Act.

325. Another key legislation in Nepal related to land acquisition is the Land Reform Act (1964). The Land Reform Act (1964) is relevant in the compensation distribution modality. It specifies the compensation entitlements for the registered tenant. Where the tenancy right is legally established, the owner and tenant each will be entitled to 50% of the total compensation amount. Section 42 of the Land Reform Act states that Guthi (religious/trust) land acquired for development work must be replaced with another land.

326. The Soil and Watershed Conservation Act (1982) prohibits acts on land vulnerable or likely to be vulnerable to natural calamity. If GoN intends to acquire any privately owned land for soil and watershed conservation, it may acquire such land pursuant to the prevailing land law relating to land acquisition.

327. The Local Government Operation Act (2017) has assigned responsibility to municipalities to coordinate and facilitate acquiring land for public purposes and for determination and payment of compensation.

328. The Land Use Act (2019) has recently come into force in Nepal. As per the Act, land has been classified into 10 categories: agricultural; residential; commercial; industrial; mining and mineral; forest; river, stream, pond and wetland; public use; cultural and archaeological; and others. The land classification is based on the composition and use of the land. The main aim of the act is to ensure

that land is properly used and managed and that land set aside for one purpose is not used for other. The Act has assigned the responsibility for implementing the Act to not only the Federal government but also to the Provincial and Local Governments. Provincial and Local Governments are also required to formulate their own land use laws based on the Act. The Act has also provided for fines for failing to use land for the purposes it is meant for.

C. World Bank Policy on Resettlement

329. This RPF consists of involuntary resettlement and compensation principles, organizational arrangements and design criteria aiming at addressing and respecting World Bank's ESF, particularly ESS 5 (Environmental and Social Standard 5 – Land Acquisition, Restrictions on Land Use and Involuntary Resettlement).

330. ESS5 recognizes that project-related land acquisition and restrictions on land use can have adverse impacts on communities and persons. Project-related land acquisition or restrictions on land use may cause physical displacement (relocation, loss of residential land or loss of shelter), economic displacement (loss of land, assets or access to assets, leading to loss of income sources or other means of livelihood) or both. The term "involuntary resettlement" refers to these impacts. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in displacement.

331. Physical and economic displacement of people, if unmitigated, may cause and increase serious economic, social and environmental risks. These include:

- Production systems may be dismantled;
- People face impoverishment if their productive resources or other income sources are lost;
- People may be relocated to environments where their productive skills are less applicable and the competition for resources greater;
- Community institutions and social networks may be weakened;
- Kin groups may be dispersed; and;
- Cultural identity, traditional authority, and the potential for mutual help may be diminished or lost.

332. ESS5 applies to permanent or temporary physical and economic displacement resulting from the following types of land acquisition or restrictions on land use undertaken or imposed in connection with project implementation:

- a) Land rights or land use rights acquired or restricted through expropriation or other compulsory procedures in accordance with national law;
- b) Land rights or land use rights acquired or restricted through negotiated settlements with property owners or those with legal rights to the land, if failure to reach settlement would have resulted in expropriation or other compulsory procedures;
- c) Restrictions on land use and access to natural resources that cause a community or groups within a community to lose access to resource usage where they have traditional or customary tenure, or recognizable usage rights. This may include situations where legally designated protected areas, forests, biodiversity areas or buffer zones are established in connection with the project;

- d) Relocation of people without formal, traditional, or recognizable usage rights, who are occupying or utilizing land prior to a project specific cut-off date;
- e) Displacement of people as a result of project impacts that render their land unusable or inaccessible;
- f) Restriction on access to land or use of other resources including communal property and natural resources such as marine and aquatic resources, timber and non-timber forest products, fresh water, medicinal plants, hunting and gathering grounds and grazing and cropping areas;
- g) Land rights or claims to land, or resources relinquished by individuals or communities without full payment of compensation; and;
- h) Land acquisition or land use restrictions occurring prior to the project, but which were undertaken or initiated in anticipation of, or in preparation for, the project.

333. ESS 5 does not apply:

- a) to impacts on incomes or livelihoods that are not a direct result of land acquisition or land use restrictions imposed by the project.
- b) to voluntary, legally recorded market transactions in which the seller is given a genuine opportunity to retain the land and to refuse to sell it and is fully informed about available choices and their implications;
- c) to land use planning or the regulation of natural resources to promote their sustainability on a regional, national or subnational level; and;
- d) to management of refugees from, or persons internally displaced by, natural disasters, conflict, crime or violence.

D. Gap Analysis Between National Requirements and WB ESS 5 Requirements

There are some gaps between requirements of Nepal's national policy and legal frameworks and WB ESS 5 on land acquisition and resettlement. These gaps provided in Table 36, which also calls for additional measures with further specifications for the entitlements that meet the requirements of Bank's ESF for any resettlement that might result from the FFP project.

Table 36: Gap analysis between requirements of national policy and legal frameworks and WB ESS 5 on land acquisition and resettlement

World Bank ESS requirements		Nepal's policy framework and requirements	Gaps between ESS 5 and GoN legal and policy requirements	Gap-Bridging Measures
ESS	Requirements			
ESS 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	<p>There are number of requirements of ESS 5 under following headings:</p> <ul style="list-style-type: none"> • General (Eligibility classification; Project design; Compensation and benefits for affected persons; Community engagement; Grievance mechanism; Planning and implementation); • Displacement (Physical displacement; Economic displacement); • Collaboration with other responsible agencies or subnational jurisdictions; and; • Technical and financial assistance. 	<ul style="list-style-type: none"> • Clause 3 of the Land Acquisition Act states that any asset that is required for public purposes shall be acquired by providing compensation. • Compensation Fixation Committee shall establish the Compensation rates. • Guthi Corporation Act, 2033 (1976). Section 42 of this Act states that Guthi land (religious trust land) acquired for the purpose of the development shall be replaced with other land, than compensated in cash • The LRA 1964 establishes the tiller's right on the land, which s/he is tilling. It additionally specifies the compensation entitlements rights of registered tenants on the sold land by the owner. • Compensation shall be provided for loss of crop damaged and income source. 	<ul style="list-style-type: none"> • Does not require preparation of RAP • Does not allow for PAP consultation in the compensation options • Does not allow non-cash compensation options such as land-for-land and replacement homes, only "arrangements for rehabilitation" and "priority in employment". • Valuation of lost assets considers depreciation and hence not at replacement cost 	<ul style="list-style-type: none"> • The project shall be required to prepare vulnerability assessment and mitigation plan for the affected people that have impacts on their livelihood after losing the land. • The project shall assist those who have impacts on their livelihoods due to land acquisition by the project including tenants. • The lost assets need to be fully replaced and affected livelihoods restored. • Pragmatic livelihood assistance program shall be designed by the project. • The project shall develop alternative forms of compensation or assistance for adversely affected non-title holders, encroachers and squatters.

Chapter 4: MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS RELATED TO INVOLUNTARY RESETTLEMENT

A. Common Principles on Resettlement

334. To mitigate environmental and social risks associated with the land acquisition, involuntary resettlement will be avoided.

335. Where involuntary resettlement is unavoidable, it will be minimized and appropriate measures to mitigate adverse impacts on displaced persons (and on host communities receiving displaced persons) will be carefully planned and implemented.

336. People losing assets, livelihoods, and other resources shall be assisted in improving or at a minimum regaining their former status of living at no cost to themselves.

337. All the affected people/families due to land acquisition, loss of shelter, assets or livelihoods, and/or loss of access to economic resources will get necessary support under this framework.

B. Classification of Affected Persons

338. For the propose of providing assistance, the affected persons will be classified as persons:

- a) Who have formal legal rights to land or assets;
- b) Who do not have formal legal rights to land or assets, but have a claim to land or assets that is recognized or recognizable under national law; or
- c) Who have no recognizable legal right or claim to the land or assets they occupy or use. The census described in paragraph 66 will establish the status of the affected persons

339. It will be ensured that involuntary land acquisition or restrictions on land use are limited to direct project requirements for clearly specified project purposes within a clearly specified period of time. Feasible alternative sites for different activities will be considered to avoid or minimize land acquisition, especially where this would result in physical or economic displacement, while balancing environmental, social, and financial costs and benefits, and paying particular attention to gender impacts and impacts on the poor and vulnerable.

C. Compensation and Benefits for Affected Persons

340. When land acquisition or restrictions on land use (whether permanent or temporary) cannot be avoided, the project will offer affected persons compensation at replacement cost, and other assistance as may be necessary to help them improve or at least restore their standards of living or livelihoods as following:

341. In the case of physical displacement, the project will develop a plan to mitigate the negative impacts of displacement and, as warranted, to identify development opportunities. It will include a resettlement budget and implementation schedule and establish the entitlements of all categories of affected persons (including host communities). Particular attention will be paid to gender aspects and the needs of the poor and the vulnerable. The Borrower will document all transactions to acquire land rights, provision of compensation and other assistance associated with relocation activities.

342. If people living in the project area are required to move to another location, the project will:
(a) offer displaced persons choices among feasible resettlement options, including adequate replacement housing or cash compensation; and (b) provide relocation assistance suited to the needs

of each group of displaced persons. New resettlement sites will offer living conditions at least equivalent to those previously enjoyed, or consistent with prevailing minimum codes or standards, whichever set of standards is higher.

343. In the case of physically displaced persons, who have formal legal rights to land or assets and who do not have formal legal rights to land or assets, but have a claim to land or assets that is recognized or recognizable under national law, the project will offer the choice of replacement property of equal or higher value, with security of tenure, equivalent or better characteristics, and advantages of location, or cash compensation at replacement cost. Compensation in kind should be considered in lieu of cash.

344. In the case of physically displaced persons, who have no recognizable legal right or claim to the land or assets they occupy or use, the project will provide arrangements to allow them to obtain adequate housing with security of tenure. Where these displaced persons own structures, the Borrower will compensate them for the loss of assets other than land, such as dwellings and other improvements to the land, at replacement cost.

345. People who encroach on the project area after the cut-off date for eligibility will not be compensated, provided the cut-off date has been clearly established and made public.

346. The project will not resort to forced evictions of affected persons. "Forced eviction" is defined as the permanent or temporary removal against the will of individuals, families, and/or communities from the homes and/or land which they occupy without the provision of, and access to, appropriate forms of legal and other protection, including all applicable procedures and principles in ESS 5. The exercise of eminent domain, compulsory acquisition or similar powers by the government institution will not be considered to be forced eviction providing it complies with the requirements of national law and the provisions of the ESS 5, and is conducted in a manner consistent with basic principles of due process (including provision of adequate advance notice, meaningful opportunities to lodge grievances and appeals, and avoidance of the use of unnecessary, disproportionate or excessive force).

347. As an alternative to displacement, the project may consider negotiating in situ land development arrangements by which those to be affected may elect to accept a partial loss of land or localized relocation in return for improvements that will increase the value of their property after development. Any person not wishing to participate will be allowed to opt instead for full compensation and other assistance as required in ESS 5.

348. In the case of projects affecting livelihoods or income generation, a plan will be prepared, which will include measures to allow affected persons to improve, or at least restore, their incomes or livelihoods.

349. The plan will establish the entitlements of affected persons and/or communities, paying attention to gender aspects and the needs of vulnerable segments of communities, and will ensure that these are provided in a transparent, consistent, and equitable manner.

350. The plan will incorporate arrangements to monitor the effectiveness of livelihood measures during implementation, as well as evaluation once implementation is completed.

351. The mitigation of economic displacement will be considered complete when the completion audit concludes that affected persons or communities have received all of the assistance for which they are eligible and have been provided with adequate opportunity to re-establish their livelihoods.

352. Economically displaced persons who face loss of assets or access to assets will be compensated for such loss at replacement cost as following:

- a) In cases where land acquisition or restrictions on land use affect commercial enterprises affected business owners will be compensated for the cost of identifying a viable alternative location; for lost net income during the period of transition; for the cost of the transfer and reinstallation of the plant, machinery, or other equipment; and for re-establishing commercial activities. Affected employees will receive assistance for temporary loss of wages and, if necessary, assistance in identifying alternative employment opportunities;
- b) In cases affecting persons with legal rights or claims to land that are recognized or recognizable under national law replacement property (e.g., agricultural or commercial sites) of equal or greater value will be provided, or, where appropriate, cash compensation at replacement cost; and;
- c) Economically displaced persons who are without legally recognizable claims to land will be compensated for lost assets other than land (such as crops, irrigation infrastructure and other improvements made to the land), at replacement cost. Additionally, the project will help in lieu of land compensation sufficient to provide such persons with an opportunity to re-establish livelihoods elsewhere.

353. Economically displaced persons will be provided opportunities to improve, or at least restore, their means of income-earning capacity, production levels, and standards of living:

- a) For persons whose livelihoods are land-based, replacement land that has a combination of productive potential, locational advantages, and other factors at least equivalent to that being lost will be offered where feasible;
- b) For persons whose livelihoods are natural resource-based and where project-related restrictions on access, measures will be implemented to either allow continued access to affected resources or to provide access to alternative resources with equivalent livelihood-earning potential and accessibility. Where common property resources are affected, benefits and compensation associated with restrictions on natural resource usage may be collective in nature; and;
- c) If it is demonstrated that replacement land or resources are unavailable, the project will offer economically displaced persons options for alternative income earning opportunities, such as credit facilities, skills training, business start-up assistance, employment opportunities, or cash assistance additional to compensation for assets.

354. Transitional support will be provided as necessary to all economically displaced persons, based on a reasonable estimate of the time required to restore their income-earning capacity, production levels, and standards of living.

355. Compensation standards for categories of land and fixed assets will be disclosed and applied consistently. Compensation rates may be subject to upward adjustment where negotiation strategies are employed. In all cases, a clear basis for calculation of compensation will be documented, and compensation distributed in accordance with transparent procedures.

356. Where livelihoods of displaced persons are land-based, or where land is collectively owned, the project will offer the displaced persons an option for replacement land in accordance with paragraph 57.(a), unless it can be demonstrated to the Bank's satisfaction that equivalent replacement land is unavailable. As the nature and objectives of the project may allow, the project will also provide opportunities to displaced communities and persons to derive appropriate development benefits from the project. In the case of affected persons under paragraph 42.(c), resettlement assistance will be provided in lieu of compensation for land, as described in paragraphs 48. and 56.(c).

357. The project will take possession of acquired land and related assets only after compensation in accordance with the ESS 5 has been made available and, where applicable, displaced people have been resettled and moving allowances have been provided to the displaced persons in addition to compensation. In addition, livelihood restoration and improvement programs will commence in a timely fashion in order to ensure that affected persons are sufficiently prepared to take advantage of alternative livelihood opportunities as the need to do so arises.

D. Community Engagement

358. The project will engage with affected communities, including host communities, through the process of stakeholder engagement described in Stakeholder Engagement Plan for the project. Decision-making processes related to resettlement and livelihood restoration will include options and alternatives from which affected persons may choose. Disclosure of relevant information and meaningful participation of affected communities and persons will take place during the consideration of alternative project designs, and thereafter throughout the planning, implementation, monitoring, and evaluation of the compensation and relocation process (including any necessary livelihood restoration activities). If affected persons include indigenous peoples, consultation will be conducted in accordance with ESS 7 and the Indigenous and Vulnerable Communities Development Framework (IVCDF) for the project.

359. The consultation process will ensure that women's perspectives are obtained, and their interests factored into all aspects of resettlement planning and implementation. Addressing livelihood impacts may require intra-household analysis in cases where women's and men's livelihoods are affected differently. Women's and men's preferences in terms of compensation mechanisms, such as replacement land or alternative access to natural resources rather than in cash, will be explored.

E. Grievance Mechanism

360. Specific concerns about compensation, relocation or livelihood restoration measures raised by displaced persons (or others) will be addressed in a timely fashion through the grievance redress mechanism (GRM) developed for the project.

F. Planning and Implementation

361. Where land acquisition or restrictions on land use are unavoidable, the project will, as part of the environmental and social assessment, conduct a census to identify the persons who will be affected by the project, to establish:

- a) an inventory of land and assets to be affected;
- b) to determine who will be eligible for compensation and assistance; and;
- c) to discourage ineligible persons, such as opportunistic settlers, from claiming benefits.

362. The social assessment will also address the claims of communities or groups who, for valid reasons, may not be present in the project area during the time of the census, such as seasonal resource users. In conjunction with the census, the project will establish a cut-off date for eligibility. Information regarding the cut-off date will be well documented and will be disseminated throughout the project area at regular intervals in written and (as appropriate) nonwritten forms and in relevant local languages. This will include posted warnings that persons settling in the project area after the cut-off date may be subject to removal.

363. To address the issues identified in the environmental and social assessment, the project will prepare a Resettlement Action Plan (RAP) proportionate to the risks and impacts associated with the project:

- a) For projects with minor land acquisition or restrictions on land use, as a result of which there will be no significant impact on incomes or livelihoods, the plan will establish eligibility criteria for affected persons, set out procedures and standards for compensation, and incorporate arrangements for consultations, monitoring and addressing grievances;
- b) For projects causing physical displacement, the plan will set out the additional measures relevant to relocation of affected persons;
- c) For projects involving economic displacement with significant impacts on livelihoods or income generation, the plan will set out the additional measures relating to livelihood improvement or restoration; and;
- d) For projects that may impose changes in land use that restrict access to resources in legally designated parks or protected areas or other common property resources on which local people may depend for livelihood purposes, the plan will establish a participatory process for determining appropriate restrictions on use and set out the mitigation measures to address adverse impacts on livelihoods that may result from such restrictions.

364. The RAP will establish the roles and responsibilities relating to financing and implementation and include arrangements for contingency financing to meet unanticipated costs, as well as arrangements for timely and coordinated response to unforeseen circumstances impeding progress toward desired outcomes. The full costs of resettlement activities necessary to achieve the objectives of the project are included in the total costs of the project. The costs of resettlement, like the costs of other project activities, are treated as a charge against the economic benefits of the project; and any net benefits to resettlers (as compared to the “without-project” circumstances) are added to the benefits stream of the project.

365. The project will establish procedures to monitor and evaluate the implementation of the plan and will take corrective action as necessary during implementation to achieve the objectives of the ESS 5.

366. The extent of monitoring activities will be proportionate to the project’s risks and impacts. For all projects with significant involuntary resettlement impacts, the project will retain competent resettlement professionals to monitor the implementation of resettlement plans, design corrective actions as necessary, provide advice on compliance with the ESS 5 and produce periodic monitoring reports. Affected persons will be consulted during the monitoring process. Periodic monitoring reports will be prepared, and affected persons will be informed about monitoring results in a timely manner.

Chapter 5: RESETTLEMENT ACTION PLAN

367. Although it is not anticipated that implementation of the FFP project and any of its component activities will result in any type of land or property acquisition from people living in the proposed project area, in the unlikely event of this situation, a Resettlement Plan (RP) will be prepared by the project team in advance of the commencement of any such activities.

368. The scope of requirements and level of detail of the resettlement plan will vary with the magnitude and complexity of resettlement required by the proposed activity. The plan will be based on up-to-date and reliable information about (a) the proposed project and its potential impacts on the displaced persons and other adversely affected groups, (b) appropriate and feasible mitigation

measures, and (c) the legal and institutional arrangements required for effective implementation of resettlement measures.

A. Elements of a Resettlement Plan

369. The key features of planning process include (a) a census of the population to be affected by displacement, (b) a survey of livelihoods and sources of income, and (c) an inventory of assets that affected persons are likely to lose. These steps help to calculate the magnitude of expected compensation and the overall cost of the displacement and resettlement operation.

370. The basic elements of a Resettlement Plan include:

- 1 **Description of the project.** General description of the project and identification of the project area.
- 2 Potential impacts. Identification of:
 - (a) the project components or activities that give rise to displacement, explaining why the selected land must be acquired for use within the timeframe of the project;
 - (b) the zone of impact of such components or activities;
 - (c) the scope and scale of land acquisition and impacts on structures and other fixed assets;
 - (d) any project-imposed restrictions on use of, or access to, land or natural resources;
 - (e) alternatives considered to avoid or minimize displacement and why those were rejected; and;
 - (f) the mechanisms established to minimize displacement, to the extent possible, during project implementation.
- 3 **Objectives.** The main objectives of the resettlement program.
- 4 **Census survey and baseline socioeconomic studies.** The findings of a household-level census identifying and enumerating affected persons, and, with the involvement of affected persons, surveying land, structures and other fixed assets to be affected by the project. The census survey also serves other essential functions:
 - (a) identifying characteristics of displaced households, including a description of production systems, labor, and household organization; and baseline information on livelihoods (including, as relevant, production levels and income derived from both formal and informal economic activities) and standards of living (including health status) of the displaced population;
 - (b) information on vulnerable groups or persons for whom special provisions may have to be made;
 - (c) identifying public or community infrastructure, property or services that may be affected;
 - (d) providing a basis for the design of, and budgeting for, the resettlement program;
 - (e) in conjunction with establishment of a cut-off date, providing a basis for excluding ineligible people from compensation and resettlement assistance; and;
 - (f) establishing baseline conditions for monitoring and evaluation purposes.

- 5 **Legal framework.** The findings of an analysis of the legal framework, covering:
 - (a) the scope of the power of compulsory acquisition and imposition of land use restriction and the nature of compensation associated with it, in terms of both the valuation methodology and the timing of payment;
 - (b) the applicable legal and administrative procedures, including a description of the remedies available to displaced persons in the judicial process and the normal timeframe for such procedures, and any available grievance redress mechanisms that may be relevant to the project;
 - (c) laws and regulations relating to the agencies responsible for implementing resettlement activities; and;
 - (d) gaps, if any, between local laws and practices covering compulsory acquisition, imposition of land use restrictions and provision of resettlement measures and ESS 5, and the mechanisms to bridge such gaps.
- 6 **Institutional framework.** The findings of an analysis of the institutional framework covering:
 - (a) the identification of agencies responsible for resettlement activities and NGOs/CSOs that may have a role in project implementation, including providing support for displaced persons;
 - (b) an assessment of the institutional capacity of such agencies and NGOs/CSOs; and;
 - (c) any steps that are proposed to enhance the institutional capacity of agencies and NGOs/CSOs responsible for resettlement implementation.
- 7 **Eligibility.** Definition of displaced persons and criteria for determining their eligibility for compensation and other resettlement assistance, including relevant cut-off dates.
- 8 **Valuation of and compensation for losses.** The methodology to be used in valuing losses to determine their replacement cost; and a description of the proposed types and levels of compensation for land, natural resources and other assets under local law and such supplementary measures as are necessary to achieve replacement cost for them.
- 9 **Community participation.** Involvement of displaced persons (including host communities, where relevant):
 - (a) a description of the strategy for consultation with, and participation of, displaced persons in the design and implementation of the resettlement activities;
 - (b) a summary of the views expressed and how these views were taken into account in preparing the resettlement plan;
 - (c) a review of the resettlement alternatives presented, and the choices made by displaced persons regarding options available to them; and;
 - (d) institutionalized arrangements by which displaced people can communicate their concerns to project authorities throughout planning and implementation, and measures to ensure that such vulnerable groups as indigenous peoples, ethnic minorities, the landless, and women are adequately represented.
- 10 **Implementation schedule.** An implementation schedule providing anticipated dates for displacement, and estimated initiation and completion dates for all resettlement plan

activities. The schedule should indicate how the resettlement activities are linked to the implementation of the overall project.

- 11 **Costs and budget.** Tables showing categorized cost estimates for all resettlement activities, including allowances for inflation, population growth, and other contingencies; timetables for expenditures; sources of funds; and arrangements for timely flow of funds, and funding for resettlement, if any, in areas outside the jurisdiction of the implementing agencies.
- 12 **Grievance redress mechanism.** The plan should describe affordable and accessible procedures for third-party settlement of disputes arising from displacement or resettlement; such grievance mechanisms should take into account the availability of judicial recourse and community and traditional dispute settlement mechanisms.
- 13 **Monitoring and evaluation.** Arrangements for monitoring of displacement and resettlement activities by the implementing agency, supplemented by third-party monitors as considered appropriate by the Bank, to ensure complete and objective information; performance monitoring indicators to measure inputs, outputs, and outcomes for resettlement activities; involvement of the displaced persons in the monitoring process; evaluation of results for a reasonable period after all resettlement activities have been completed; using the results of resettlement monitoring to guide subsequent implementation.
- 14 **Arrangements for adaptive management.** The plan should include provisions for adapting resettlement implementation in response to unanticipated changes in project conditions, or unanticipated obstacles to achieving satisfactory resettlement outcomes.

B. Additional Planning Requirements Where Resettlement Involves Physical Displacement

371. When project circumstances require the physical relocation of residents (or businesses), resettlement plans require additional information and planning elements. Additional requirements include:

- **Transitional assistance.** The plan describes assistance to be provided for relocation of household members and their possessions (or business equipment and inventory). The plan should describe any additional assistance to be provided for households choosing cash compensation and securing their own replacement housing, including construction of new housing. If planned relocation sites (for residences or businesses) are not ready for occupancy at the time of physical displacement, the plan should establish a transitional allowance sufficient to meet temporary rental expenses and other costs until occupancy is available.
- **Site selection, site preparation, and relocation.** When planned relocation sites are to be prepared, the resettlement plan describes the alternative relocation sites considered and explains sites selected, covering: (a) institutional and technical arrangements for identifying and preparing relocation sites, whether rural or urban, for which a combination of productive potential, locational advantages, and other factors is better or at least comparable to the advantages of the old sites, with an estimate of the time needed to acquire and transfer land and ancillary resources; (b) identification and consideration of opportunities to improve local living standards by supplemental investment (or through establishment of project benefit-sharing arrangements) in infrastructure, facilities or services; (c) any measures necessary to prevent land speculation or influx of ineligible persons at the selected sites; (d) procedures for physical relocation under the project, including timetables for site preparation and transfer; and

- (e) legal arrangements for regularizing tenure and transferring titles to those resettled, including provision of security of tenure for those previously lacking full legal rights to land or structures.
- **Housing, infrastructure, and social services.** Plans to provide (or to finance local community provision of) housing, infrastructure (e.g., water supply, feeder roads), and social services (e.g., schools, health services); plans to maintain or provide a comparable level of services to host populations; any necessary site development, engineering, and architectural designs for these facilities.
 - **Environmental protection and management.** A description of the boundaries of the planned relocation sites; and an assessment of the environmental impacts of the proposed resettlement and measures to mitigate and manage these impacts (coordinated as appropriate with the environmental assessment of the main investment requiring the resettlement).
 - **Consultation on relocation arrangements.** The plan should describe methods of consultation with physically displaced persons on their preferences regarding relocation alternatives available to them, including, as relevant, choices related to forms of compensation and transitional assistance, to relocating as individual households families or with preexisting communities or kinship groups, to sustaining existing patterns of group organization, and for relocation of, or retaining access to, cultural property (e.g., places of worship, pilgrimage centers, cemeteries).
 - **Integration with host populations.** Measures to mitigate the impact of planned relocation sites on any host communities, including: (a) consultations with host communities and local governments; (b) arrangements for prompt tendering of any payment due the hosts for land or other assets provided in support of planned relocation sites; (c) arrangements for identifying and addressing any conflict that may arise between those resettled and host communities; and (d) any measures necessary to augment services (e.g., education, water, health, and production services) in host communities to meet increased demands upon them, or to make them at least comparable to services available within planned relocation sites.

C. Additional Planning Requirements Where Resettlement Involves Economic Displacement

372. If land acquisition or restrictions on use of, or access to, land or natural resources will cause significant economic displacement, arrangements to provide displaced persons with sufficient opportunity to improve, or at least restore, their livelihoods should also be incorporated into the resettlement plan, or into a separate livelihoods improvement plan. These include:

- **Direct land replacement.** For those with agricultural livelihoods, the resettlement plan should provide for an option to receive replacement land of equivalent productive value or demonstrates that sufficient land of equivalent value is unavailable. Where replacement land is available, the plan should describe methods and timing for its allocation to displaced persons.
- **Loss of access to land or resources.** For those whose livelihood is affected by loss of land or resource use or access, including common property resources, the resettlement plan should describe means to obtain substitutes or alternative resources, or otherwise provides support for alternative livelihoods.
- **Support for alternative livelihoods.** For all other categories of economically displaced persons, the resettlement plan should describe feasible arrangements for obtaining employment or for establishing a business, including provision of relevant supplemental assistance including skills training, credit, licenses or permits, or specialized equipment. As warranted, livelihood planning should provide special assistance to women, minorities or vulnerable groups who may be disadvantaged in securing alternative livelihoods.

- **Consideration of economic development opportunities.** The resettlement plan should identify and assess any feasible opportunities to promote improved livelihoods as a result of resettlement processes. This may include, for example, preferential project employment arrangements, support for development of specialized products or markets, preferential commercial zoning and trading arrangements, or other measures. Where relevant, the plan should also assess the feasibility of prospects for financial distributions to communities, or directly to displaced persons, through establishment of project- based benefit-sharing arrangements.
- **Transitional support.** The resettlement plan should provide transitional support to those whose livelihoods will be disrupted. This may include payment for lost crops and lost natural resources, payment of lost profits for businesses, or payment of lost wages for employees affected by business relocation. The plan should provide that the transitional support continues for the duration of the transition period.

Annex 3: Sample Checklists for Activity Screening²³

SN	Sample Checklist for Environmental Screening	Compliance to the standards/criteria		
		Yes	No	Comments
1	Is the project ²⁴ likely to cause soil erosion?			
2	Are there any possibilities to harm cultivated/arable land due to this project?			
3	Is this project likely to degrade/reduce the quality of the drinking water?			
4	Is this project likely to use chemical fertilizers excess to the agreeable amount (beyond the recommendations)?			
5	Is this project likely to use chemical pesticides excess to the agreeable amount (beyond the recommendations)?			
6	Does the proposed activity intend to use or depend on any resources of national parks and protected areas or any critical aquatic and terrestrial habitat area?			
7	Is the proposed project being implemented in areas surrounding national parks or protected areas?			
8	Is the proposed project being implemented in areas surrounding forest or wildlife areas other than national parks and protected areas?			
9	Is the project being implemented in open forest land and likely to loss biodiversity and harm young leaves/twigs?			
10	Will the proposed proposal be implemented in the areas surrounding water bodies, lakes and ponds and intend to use or depend on them for the implementation, likely to dry them?			
11	Will the proposed proposal be implemented in areas located in high risk zone such as landslide prone area, steep slopes, highly degraded land in hills, riverine area susceptible to annually flooding, or in areas causing large-scale soil erosion?			
12	Will the proposed proposal involve land clearance on very steep slopes?			
13	Will the proposed project be implemented in the areas surrounding heritage site/religious temple/religious site/grave yard?			

²³ These Checklists are provided here for illustrative purposes only; they will be customized as needed following project approval and included in the Project Operational Manual.

²⁴ In this and the following sample Checklists, “project” or “proposal” may also refer to sub-projects supported under the DGM project.

SN	Sample Checklist for Environmental Screening	Compliance to the standards/criteria		
		Yes	No	Comments
14	Will the proposed proposal involve logging?			
15	Will the proposed proposal endanger indigenous plant species of ecological significance?			
16	Will this project cause/involve in any activities which could harm human health/hazard?			
17	Will the proposed proposal use banned pesticides and chemicals?			
18	Will this project/activity cause transfer of communicable livestock diseases?			
19	Is the project likely to cause any other negative environment effect apart from those listed above (1-18)? If yes, list them.			
20	Has this project formulated EMP? (If response is "No" to questions 1-18. Please note that the project shall not be financed if there is even is one "yes" in above 19 questions.)			

SN	Sample Checklist for Social Screening	Yes	No	No information
1	Will the proposed proposal cause displacement or relocation of families due to implementation or construction of infrastructure?			
2	Will the proposed proposal require some families losing their farm land and assets on the land?			
3	Does this project/activity discriminate wage by virtue of gender, caste, and ethnicity in the broader project area?			
4	Will the proposed proposal involve activities that are likely to make irreversible adverse impact on indigenous communities, women and vulnerable groups?			
5	Will the proposed proposal include any activity that promotes or involves incidence of child labor?			
6	Will implementation of this project risk the spread of communicable diseases such as STDs and HIV/AIDS due to increased labor force?			

Annex 4: Project Activity Categorization

Category I activities are for interventions that will not be supported by the Project²⁵. This includes the following types of activity (exclusion list):

- Activities that contravene Nepal's obligations under its international agreements
- Activities that are proposed to take place inside parks or protected areas, including their buffer zones
- Activities that convert or degrade critical natural habitats
- Activities that are proposed to take place in religious forests as per the national Forest Act (2019)
- Activities that require involuntary land acquisition and resettlement
- Activities involving harmful or exploitative forms of forced labor and/or harmful child labor
- Any production or trade in wood or other forestry products involving raw materials other than from sustainably managed forests.

Considering the nature of the project and the environmental and social sustainability issues connected with it, the exclusion list also includes the following activities:

- Use of exotic species planted inside natural forest areas
- Introduction of alien species that have potential to become invasive
- Use of species that are not suitable for the site
- Activities that would involve significant use of chemical pesticides

Category II activities are those with significant adverse environmental and/or social impacts that are limited to actual site of the activity and its immediate surroundings and which can be addressed through readily known or readily available mitigation measures.

Category III activities are those for which there is a 'moderate risk of impact' which requires preparation of ESMPs. An activity is classed as Category III if its potential adverse environmental or social impacts on human and/or on the environment are less adverse than those of Category II activities. Impacts will be limited to a specific site, will be reversible and mitigation measures will be known or can easily be designed.

Category IV activities are those that have minimal or no adverse environmental and/or social impacts.

²⁵ This list would also apply to any sub-projects considered for support under the DGM project.

Annex 5: Indicative Outline of an ESMP²⁶

- 1. Introduction**
 - 1.1. Background of Project Area
 - 1.2. Description of Project and its Activities
 - 1.3. Scope of ESMP
 - 1.4. Objectives of ESMP
- 2. Project Principles and Procedures**
 - 2.1. Sub-Project Implementation Modality;
 - 2.2. Desk Review;
 - 2.3. Consultation Meeting and Field Visit;
 - 2.4. Documentation and Approval Process;
 - 2.5. Dissemination and Disclosure.
- 3. Description of Baseline Situation in Project Area (Physical, Biological and Socio-Economic and Cultural Environment)**
 - 3.1 Physical Environment**
 - a. Climatic and weather conditions in Project Area;
 - b. Accessibility to the Project Area;
 - c. Information on natural resources such as stream, river, rivulets, availability of drinking water sources, flood, landslide etc.;
 - d. Availability of construction materials, quarry sites etc.;
 - e. Debris/Solid Waste/Effluent Management practices in Project Area;
 - f. Existing Infrastructure and current trend of infrastructure Development.
 - g. Health, Sanitation & Safety and Drainage System;
 - h. Existing trails and their characteristics;
 - i. Use of Chemical fertilizers and pesticides
 - j. Any other specific issues.
 - 3.2 Biological Environment**
 - a. Flora and Fauna in Project Area;
 - b. Natural Habitat and Community;
 - c. Forest and NTFP resources;
 - d. Ecologically Sensitive Areas (Wetland, Breeding Centers, hot spots Core areas etc.)
 - e. Any other specific issues
 - 3.3 Socio-Economic and Cultural Environment**
 - a. Social, economic cultural setting;
 - b. Commercialization and cropping patterns;
 - c. Beneficiary Household Information;
 - d. Vulnerable HHs/Community;
 - e. Resettlement and Relocation;
 - f. Diseases or health hazards;
- 4. Environmental and Social (E&S) Impact Assessment and Mitigation Management Plan**
- 5. E&S Monitoring and Reporting Mechanism and Plan**
- 6. Capacity Development and Training for Project Implementation**

²⁶ In this annex, “project” may refer to activity supported under the FFP Project or to sub-project supported under the DGM project.

- 7. E&S Mitigation and Monitoring Cost**
- 8. Grievance Redress Mechanism**
- 9. Conclusions and Recommendation**
- 10. Appendices**

Annex 6: Draft Terms of Reference for Third-Party Monitoring

Position: Third Party/ Independent Environmental & Social Safeguard Consultant	
Base Station: Flexible/Project Management Office.	
Project: Forests for Prosperity Project	
Expected Date to Start the Assignment:	Duration:
Reports to:	Title:
BACKGROUND	
Brief project description and rationale for hiring third-party consultant.	
OBJECTIVES TO BE ACHIEVED	
Objective of the work is to prepare the report on overall safeguard performance / compliance in line with the project's Environmental and social management framework (ESMF)	
SCOPE OF THE WORK (Roles and Responsibilities)	
<ul style="list-style-type: none"> • Under close guidance of Project Coordinator and in co-operation with PMU/PPMUs the consultant will carry out his/her duties to prepare the Independent Safeguards Compliance Report for FFPP. • Review Project's safeguard objectives and implementation modalities and other relevant documents of the Project. • Review periodic monitoring reports and assess environmental and social safeguards planning process adopted at sub-project levels including consultations and documentations. • Undertake field visit in sample sites/sample activities covering environmental and social safeguards considerations and assess safeguard compliance and best practices adopted (i.e. environmental and social screening, preparation of ESMPs during planning and implementation. • Select sample activities considering the typology of sub-projects. • Review and assesses Grievance Redress Mechanism (GRM) followed at different levels/hierarchies of the project and its effectiveness. • Review project's internal monitoring and reporting system on safeguards compliance. • Draw inferences and provide recommendations on safeguards compliance of the project. 	
SPECIFIC TASKS	
<ul style="list-style-type: none"> • Consultant should be fully committed to finish the task in given time frame. • Review and analyze the project activities (sub-project screening, ESMP and E&S monitoring and reporting as per the ESMF) and other plans, if any. • Assess safeguards compliance at planning and implementation including compensation, livelihood /income restoration of people including vulnerable groups, skills and training provided to the people etc. • Project activities disclosure (communication and co-ordination) • Good practices adopted in safeguards compliance during the implementation of activities under the project • GESI and women involving in safeguards compliance including their involvement in livelihood improvement, skills enhancement, income generation, management and decision makings. • Monitoring of Community Development Programs/Activities /infrastructures developed with the project's supports. • Assess project's GRM including their documentation and management. Assess safeguards monitoring and reporting practices. 	
KEY OUTPUTS/DELIVERABLES	

REQUIRED COMPETENCIES