



**Government of Nepal
Ministry of Agriculture and Livestock Development
Singhdurbar, Kathmandu**

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ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK (ESMF)

OF THE PROPOSED

NEPAL RURAL ECONOMIC AND ENTERPRISE DEVELOPMENT PROJECT

EXECUTIVE SUMMARY

The Rural Economic and Enterprise Development (REED) Project of the Ministry of Agriculture and Livestock Development (MoALD) aims to stimulate the development of rural enterprises by strengthening market linkages among smallholder producers and players in the agricultural commodity value chain; and by strengthening the enabling environment for the development of enterprises in key economic corridors of the country. The project will, among others, provide funding for the productive partnership's start-up business plans and small-scale "last mile" infrastructure such as feeder roads, bridges, ropeways and small water impounding and irrigation schemes to support the partnerships and their communities. The project will also construct market and export promotion infrastructure in the form of regional market centers and agriculture centers of excellence. The project has been considered for World Bank funding. This Environmental and Social Management Framework (ESMF) sets out the policies and procedures for managing the environmental and social risks and impacts of the project activities when specific interventions and locations under the project are not identified and their specific impacts are not known during project design and preparation. This report has been prepared in accordance with the World Bank Environmental and Social Framework (ESF) including ten Environmental and Social Standards (ESS). All ESSs, with the exception of ESS 9, are relevant to the project. All investments to be financed by this Project will apply national environmental laws and regulations as well as the relevant World Bank environmental and social standards.

The matrix below shows the applicability and overview of the relevance of each ESSs for the Project.

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	The PP subprojects, last mile Infrastructure or Market and Export Promotion Infrastructure subprojects will have potential to cause environmental and social risks and impacts.
ESS 2: Labor and Working Conditions	Relevant	This standard will be relevant to the entire project organization, including hired and organic employees of MoALD and other government entities who will be involved in the project, and project contractors. The assessment looks at the prevailing country laws on labor and working conditions, and the number of workers and personnel to be potentially be working in the project.
ESS 3: Resource Efficiency and Pollution Prevention and Management	Relevant	This standard will apply as there is possibility on potential water and air pollution during construction and the potential pollution issues of commercial agricultural production and processing which may involve use of pesticides and chemicals.
ESS 4: Community Health and Safety	Relevant	This standard will apply to all project interventions on the ground, including small-scale infrastructure and PP

		production and trading activities. The assessment looks at the health and safety risks of residents and communities of small-scale village construction and PP activities.
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	Expansion of agricultural production areas could impact on the country's forest and natural habitat. The assessment looks at potential direct short-term and long-term impacts on forest, natural habitat and wildlife.
ESS 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Relevant	The project is expected to be implemented in all 7 provinces. The assessment will determine the potential presence of ethnic minorities that may qualify as indigenous people as defined in the WB ESS7 standard.
ESS 8: Cultural Heritage	Relevant	The assessment determines potential presence of cultural heritage sites in the project sites and the probability of encountering chance finds during construction of roads, PP and public facilities.
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.

Prevailing Environmental and Social Issues in Nepal. A quick survey of Nepal's environmental and social profile reveals a list of the prevailing environmental and social issues in the country. These include: (1) land degradation due to deforestation, flooding, soil erosion and landslides which are also the main cause of sedimentation; (2) frequent forest fires which results in the loss of thousands of ha of forest and biodiversity every year; (3) disease epidemics which had been responsible for 55% of disaster deaths; (4) poverty, about twenty-five percent of the Nepalese population live below the national poverty line; (5) prevalence of substandard labor practices and working conditions, including issues with child labor; (6) high rates of malnutrition among children; (7) social and political exclusion of ethnic indigenous communities and members of Dalit castes; and (8) gender issues.

Potential Impacts and Risks. Given these prevailing issues, the project will likely pose the following risks/potential impacts: (1) failure to meet labor and working conditions standards among contractors and Productive Partnerships (PP) business operations; (2) land degradation in areas subjected to intensified production and opening of new clearings; (3) landslides and erosions on road construction causing localized sedimentation of rivers and streams; (4) generalized long

term pollution from possible increased use of pesticides and agrochemicals; (5) potential waste generation from the operation PP facilities; (6) community health and safety issues including possible spread of diseases in project communities, exposure of residents to safety and traffic hazards at construction sites and routes and potential conflict between community residents and construction workers; (7) loss of natural habitat and biodiversity, and disturbance of wildlife due to expansion of agricultural clearings/pasture and opening of new roads or encroachments into forests and protected areas of natural habitat; (8) loss of family home gardens among smallholder farmers due to cultivation of PP-supported cash crop, aggravating the nutrition problem; (8) involuntary loss of assets due to land acquisition; (9) failure to respect the rights of indigenous people and exclusion from benefits of ethnic minorities and Dalit castes; and, (10) possible impacts on cultural heritage sites, monuments and structures, traditional knowledge, skills and culture (11) possible impacts due to SEA/SH due to labor influx in project communities, within project area.

Environmental and Social Risk Management. These risks can be mitigated by adopting design- and approach-related measures, providing generic mitigation plans and other frameworks for individual subprojects, and adopting an internal control system for preparing and vetting subproject proposals.

Project design measures and approaches. The project will adopt the following design measures and approaches: (i) close consultation with stakeholders during economic corridor and subproject planning, exerting efforts to reach out to representatives of indigenous peoples and Dalit communities and women groups to ensure their voice in key decision making. A stakeholder engagement plan has been prepared which lays out the approaches and strategies for stakeholder engagements during project implementation; (ii) establishment of a multi-tier grievance redress mechanism which is accessible to all stakeholders and would accommodate grievance from all aspects of the project; (iii) eligibility criteria for subprojects to screen out/avoid high risk projects; (iv) undertake climate resilience consideration in the design of infrastructure subprojects, using the Local Adaptation Plans for Actions Framework (LAPA, 2011); and, (v) requiring PPs that receive grants to adopt a policy of open membership in their partnerships and plans/programs for expansion of members and number of workers in their operations to help ensure social inclusion.

Generic ESMPs, Forms, Protocols, and other Management Frameworks. A generic environmental and social management plan (ESMP) has been prepared providing standard mitigation measure for each risk and potential impact identified in the assessment. This generic ESMP, together with various forms, templates, and frameworks will serve as reference during the assessment and preparation of individual subproject ESMPs and associated plans. For land acquisition and involuntary resettlement impacts, a separate Resettlement Policy Framework (RPF) has been prepared to guide for the preparation of individual subproject Resettlement Action Plans (RAP). A separate Indigenous People Policy Framework (IPPF) has likewise been prepared to guide subproject compliance with the World Bank standard for dealing with indigenous people. A Stakeholder Engagement Plan (SEP) was prepared outlining the approaches and strategies for stakeholder engagements during implementation and detailing institutional arrangements, operational procedures and steps involved in the setting up of a multi-tiered, project-wide Grievance Redress Mechanism (GRM). The labor management procedure will be developed for the project as outlined in the ESMF consistent with national legislation and ESS 2. This is required

to adhere to the principle of non-discrimination, equal opportunities, health and safety, and security of workers/communities and will be applicable to contractors, project workers and sub-contractors.

Internal Vetting Process for Subprojects. The management of environmental and social risks and impacts of the project's ground activities will be undertaken on per subproject basis. Subprojects are PP businesses undertakings that receives funding from the project, individual "last mile" infrastructure, and market and export promotion infrastructure. The preparation, review and approval of these subprojects will be undertaken through the following steps:

- (1) Environmental and Social Screening - Subproject proposals shall be initially screened by the proposal development team to ensure eligibility of subproject for funding and also to determine the risk category, scope and level of assessment and the types of instrument required as per the national requirements and WB's ESS. Screening will categorize the Subprojects in four categories:
 - i) **Category I** Subprojects will not be supported by the REED Project. The ineligible projects are provided in exclusion list in Annex 1 A.
 - ii) **Category II** Subprojects are those with substantial 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. These Subprojects may require a Concise Environmental Study or Initial Environmental Examination (IEE) or Environmental Impact Assessment (EIA) which will include ESMPs
 - iii) **Category III** Subprojects 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 impacts will be specific site, reversible and mitigation measures applied can address the impacts. A Concise Environmental Study may be required.
 - iv) **Category IV** Subprojects are those that have minimal or no adverse environmental and/or social impacts. For these Subprojects, further environmental and social assessment beyond initial screening is not required.
- (2) Preparation of the required environmental and social (E&S) Instruments - Once the projects are screened, the proponent, ECO and Office of the Project Director (OPD) will prepare a Terms of Reference (TOR) for the preparation of Environmental and Social Assessment reports including ESMPs ensuring integration of the ESF requirements. The TOR will then be submitted to the concerned government agencies for approval. A consultant will then be hired to undertake the E&S assessment in accordance with the approved TOR. For Category IV, the proponent will prepare an ESMP using the template under the guidance of the ECO (Annex 2). If required, RAPs, IPPs, pest management plan, labor management procedure (LMP) shall be prepared simultaneously with the Environmental and Social Assessment report and including sub-project specific ESMPs.
- (3) Approval of Subproject - All Subprojects shall be reviewed and approved by the OPD E&S Specialists. The OPD shall ensure that all the impacts identified in the Environmental and Social Assessment. have been assessed and adequately addressed in the subproject's ESMP.
- (5) Implementation of the Mitigation Measures - During the procurement stage, the proponent may already start implementing the RAP, IPP and some of the measures in the ESMP.

Compliance Monitoring - Subproject proponents shall submit quarterly reports to the ECO regarding the status of subproject compliance and any issues and constraints encountered. ECOs will validate the report through site inspection as necessary and submit a consolidated report to the OPD which would conduct random and purposive site visits as necessary and consolidate the report for inclusion in the semi-annual progress report.

Institutional Arrangements and Capacity Building Plan. The ES risk management function will be embedded within the proposed project management unit (PMU) to be set up by MoALD which would consist of Project Steering Committee (PSC), Office of the Project Director (OPD) at the head office, and Economic Corridor Technical Coordinating Committees (ECTCCs), Economic Corridors Office (ECOs) at the selected economic corridors. The provincial and local governments shall participate in the identification and implementation of subprojects within their jurisdictions and will be represented in the ETCTCCs. An Environment and social unit shall be set up at the OPD, consisting of (1) Senior Environmental Specialist and (1) Senior Social Specialist. Each ECO will have one (1) Environmental and one (1) Social Specialist. The safeguard teams shall be mirrored at the provincial and municipal levels and subproject levels by designating focal point persons from the Project for environmental and social concerns. The ES specialists and focal persons will have a regular coordination meeting. They shall be trained on the ESMF, RPF and IPPF.

Furthermore, the existing capacity risk for E&S issues management will to some extent be mitigated through component 2 b, through institutional capacity and skill development program which will be designed and rolled out to help strengthen the capacity of both federal and decentralized government agencies. In the course of the skills development program, government institutions will be capacitated to identify and address climate-induced risks and challenges and measures to strengthen climate resilience along the agribusiness value chain, as well as strategies to enhance efficiency and resource use along the value chains (e.g. production input use efficiency, energy-efficiency). At the provincial and rural municipalities specialized demand based service trainings, capacity building for technical standards and quality assurance mechanisms for agriculture inputs, services and outputs etc. will be delivered. The local governments will be supported to develop their capacity on agriculture sector planning, implementation, monitoring and reporting for effective implementation of periodic and sectoral plans.

ACRONYMS

CES- Concise Environmental Study
ECO - Economic Corridor Office
ECTCC - Economic Corridor Technical Coordinating Committee
EIA - Environmental Impact Assessment
ESA - Environmental and Social Assessment
ESIA - Environmental and Social Impact Assessment
ESMF - Environmental and Social Management Framework
ESMP - Environmental Management Plan
ESS - Environmental and Social Standards
E&S – Environmental and Social
GRM - Grievance Redress Mechanism
IEE - Initial Environmental Examination
IP - Indigenous People
IPP - Indigenous Peoples Plan
IPPF - Indigenous Peoples Policy Framework
LAPAF - Local Adaptations Plans for Actions Framework
MoALD - Ministry of Agriculture and Livestock Development
OPD- Office of the Project Director
PIM - Project Implementation Manual
PAP - Project Affected People/Person (generally people affected by land acquisition)
PIU - Project Implementing Unit/Subproject implementing unit
PMU- Project Management Unit
PP- Productive Partnerships
PSC - Project Steering Committee
RAP - Resettlement Action Plan
REED - Rural Economic and Enterprise Development
RE- Rural enterprises
RPF - Resettlement Policy Framework
SEP - Stakeholder Engagement Plan

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ENVIRONMENTAL AND SOCIAL ASSESSMENT (ESA) AND ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK (ESMF) OF THE PROPOSED NEPAL RURAL ECONOMIC AND ENTERPRISE DEVELOPMENT PROJECT

Ministry of Agriculture and Livestock Development

1. INTRODUCTION

The Government of Nepal (GoN) through the Ministry of Agriculture and Livestock (MoALD) is currently developing the Rural Economic and Enterprise Development Project (REEDP). The project is being considered for World Bank funding and would thus be subjected to the World Bank Environmental and Social Management Framework (ESF). The World Bank ESF requires that the project complies with ten (10) Environmental and Social Standards (WB ESSs) (except ESS9) as follows:

- WB ESS1 - Environmental and Social Risk Assessment and Management
- WB ESS2 - Labor and Working Conditions
- WB ESS3 - Resource Efficiency and Pollution Prevention and Control
- WB ESS4 - Community Health and Safety
- WB ESS5 - Involuntary Resettlement and Restrictions of Access
- WB ESS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources
- WB ESS7 - Indigenous People
- WB ESS8 - Cultural Heritage
- WB ESS9 - Financial Intermediation
- WB ESS10- Stakeholder Engagement and Disclosure of Information

This report provides an assessment of the environmental and social risks and impacts associated with the project, and based on the assessment, identifies project design-related risk mitigation measures, and develops a framework for managing the project's risks and impacts during implementation. The scope of the assessment and framework will cover nine of the World Bank's Environmental and Social Standards (ESS) listed above.

2. PROJECT DESCRIPTION

The REED project aims to enhance rural entrepreneurship and strengthen the market linkages of rural entrepreneurs, including smallholder farmers and producers. The project will be implemented by the Ministry of Agriculture and Livestock Development (MoALD) in selected rural economic corridors of the country. The project is estimated to cost USD 100 million and aims to be able to directly support about 780 rural enterprises through building of productive partnerships between smallholder producers and traders and/or other players in the value chain.

2.1 Project Components

The project will have the following two core components:

Component 1 (Strengthening Market Linkages through Productive Partnerships) - Budgeted at US\$ 57 million, this component aims to promote the development of sustainable business partnerships between rural entrepreneurs and players in the agricultural commodity value chain. Specifically, the interventions would involve: (Subcomponent 1a) establishing formal partnerships between smallholder agricultural producers and qualified businesses in the value chain; (Subcomponent 1b) providing "last mile" infrastructure to support these partnerships; and (Subcomponent 1c) supporting the enterprise ecosystem to strengthen market linkages that aims to creating an ecosystem to strengthen market linkages established under Component 1a, by enhancing the capabilities and outreach of intermediary institutions.

Component 2 (***Supporting the Ecosystem for Rural Entrepreneurship***.) - With a proposed budget of US\$ 10 million, this component will identify opportunities to support the POs to participate in PPs, including strengthened agricultural services. This underpins the long-term viability of an enhanced ecosystem for rural entrepreneurship and strengthened market linkages established by PPs under Component 1, and beyond. The interventions would include: (Subcomponent 2a) strengthening the regulatory framework and institutional capacity for agriculture and entrepreneurship in the federal structure; (Subcomponent 2b) ***strengthening the capacity of provincial and local government*** to strengthen the capacity and coordination mechanism of the concerned public agencies at provincial and local level in the agriculture sector in the Project area;

A third component, Component 3, will ***support to restoring and strengthening COVID-disrupted food supply chain and local economy. With the proposed budget of US\$ 21.5 million the project as part of*** COVID-19 response will support investments in restoring the regional food and inputs supply disrupted due to the limited movement, lockdown and the restriction of border trade and their long-term safe storage at municipal level to ensure food and inputs security. This will also support post-COVID-19 rural economic recovery as restoring of supply and storage through municipal centers will enable continued operation of intra/inter-municipal level rural based agricultural businesses and value-chains working in inputs sector.

A Fourth Component 4: Project Management with a proposed budget of US\$ 11 million will provide for the project management. This will cover the activities of the Federal-level Office of the Project Director (OPD) in Kathmandu within MoALD and Economic Corridor Offices (ECOs) that will be established in four selected locations (Province 1, 2, 5 and Sudurpaschim) including the Technical Assistance (TA) firms for the execution of activities.

2.2 Activities with Potential ES Impacts and Risks

While all project activities are subject to the World Bank ES Standards, the assessment and management of risks and impacts will focus on three activities on the ground: (i) the project's funding of selected PP subprojects under their business plans; the implementation of "last mile" infrastructure; (1b) and the implementation of market and export promotion infrastructure (3). These activities are further discussed below.

2.2.1 Grants to PP Subprojects under Subcomponent 1a

The project will hire a technical assistance to help the PPs prepare business plans. The business plans of PPs would typically include, among others, a subproject proposal, comprising the activities required to reach the product specification and the institutional strengthening of the Rural Enterprises (RE). The business plan will include screening checklist with identified environmental and social risks and a section in which the beneficiaries will have to describe measures to address the Environmental and Social impacts of the sub-project. A template for E&S question and requirements will be developed during the initial phase of project implementation. The project will provide 50% start-up grants to the REs' subproject proposals purposively to finance assets, working capital, specialized technical assistance and capacity building activities within the subproject proposals.

The proposals will be screened and selected through the evaluation at ECO level. The POs will be invited to formulate Business Plans with assistance from the Project. Eligibility criteria for profile screening would proactively consider and incorporate, social and environmental criteria such as: the number of beneficiaries, identification of ES issues , mitigating measures against ES issues and budgeting for ES management .Special consideration will be given to women-led POs to assist in meeting the criteria and building their capacity to become economically viable and sustainable.

2.2.2 Last Mile Infrastructure Support under Subcomponent 1b

The project will fund small public good infrastructure to support PPs and enable the sustainability and creation of more PPs and benefit surrounding communities. These subprojects could include rural agricultural and feeder road networks to all weather access roads, irrigation ponds, small-scale irrigation schemes, rehabilitation and maintenance of minor bridges and gravity ropeways. These subprojects will be selected and implemented by an implementation supervision committee which will be formed comprising of representatives from municipalities supported under Component 1a, participating REs and the MoALD. MoALD will coordinate and closely work with municipal governments during selection, prioritization, implementation, monitoring and evaluation of the identified infrastructure under the sub-component. Whenever appropriate, co-financing will be sought with rural municipalities in terms of human resources, in-kind contributions and cost-sharing.

2.2.3 Export and Market Promotion Infrastructure under Component 3

As part of the WBG's COVID-19 response, this component will support investments in restoring the regional food and inputs supply disrupted due to the limited movement, lockdown and the restriction of border trade and their long-term safe storage at municipal level to ensure food and inputs security. This component will address disruptions in food supply by strengthening safe food storage and address disruptions in inputs supply by restoring seeds, breeder seeds and fertilizer supply. This will support post-COVID-19 rural economic recovery through job creations and enable continued operation of intra/inter-municipal level rural based agricultural businesses and value-chains working in inputs sector. This component will support investments in (i) Four regional market centers, and (ii) municipal agriculture centers at local level. Regional market centers will be constructed/upgraded by the project in the government owned land, while they will be managed and operated by private sector/cooperatives. Municipal agriculture centers will be

constructed/upgraded in the participating rural municipalities. This component may go beyond the specified project areas (economic corridors) and these will be determined and updated in the PIM.

2.3 Project Location

The project is expected to cover all seven (7) provinces, with a phased approach, using a provincial or district focus, depending on the agreed criteria with the GoN. The project will prioritize project locations based on North-South and East-West road corridors, which connect provinces, and where main roads have created opportunities to link rural agriculture catchment with markets.

The criteria could include economic potential of the project areas, including SME intensity, scalable value chains identified by Country Private Sector Diagnostic for Nepal and other studies, intensity of financial access as well as density of youth population. The following highways/main roads have been identified as such economic corridors (Figure 1):

- Province 1 and 3: Mid-hill Highway
- Province 2: East-West Highway.
- Province 5: Bhalubang-Rolpa Highway
- Province 7 (Sudur pascchhim): Dhangadhi-Darchula Highway

Province No. 1 - This province is bordered by the china to the north, Indian states to South and East and Bagmati and province no 2 in the west. There are around 4.5 million people living in this province with a 175.6 population density per square kilometer. This province is famous for tea and large cardamom production on mid-hill topography and paddy/maize and millet in the Terai region. Mechi, Koshi, Sagarmatha and Middle Mountain Highways are major road connectivities. Middle Mountain and East-west Highway link with Province 2 and Bagmati province.

Province No. 2 - This is the second-largest populous province and smallest by area. The most densely populated province with 3,720 square kilometers area with a population of 5,404,145. The Koshi River and Koshi Tappu Wildlife Reserve act as provincial demarcation border between Province 2 and Province 1 in the east. And the demarcation line between Chitwan National Park and Parsa National Park as the provincial border between Province 2 and Province 3 in the west. The province is located on flat plains of Terai and Chure or the Shiwalik Hills are the natural border of the Province which falls in the northern side. The southern side has an international border with India. The province is rich from agriculture productivity. Fishery, paddy, maize and wheat as food grain including vegetable and sugarcane, and tobacco are cash crops have high potentiality in this province. Form highway perspective, Mahindra highway (East-West), Postal highway and Tribhuvan highway are major. Besides Tribhuvan Highway, other two links east to west.

Province No. 3 (Bagmati Pradesh) - Bagmati province covers 20,300 square kilometers area and Hetauda in provincial headquarter. It is located in central Nepal, bordered Province 2 and India in South and Province 1 in the east, Gandaki province in the west and China in the north. It spread from 141 sea level to 7,229 at Rasuwa. The province is rich in production of paddy, cash crops, vegetable and other grains. Having 119 local government, including three metro cities, Hetauda is the province capital of Bagmati Pradesh. East-West, Postal and Tribhuvan Highways are major

ERCs in the Province. East-West Highway traverses east to west, while and Postal Highway is close to Indian border and south to the East-West Highway. Tribhuvan Highway links to Birgunj to Kathmandu.

Province No. 5 - Out of 109 local levels in Province 5, there are four sub-metropolitan cities, 32 municipalities and 73 rural municipalities. The Province has a population of 4.458 million. Of this, 52.43 per cent are women, and 47.57 per cent are men. As per the position paper, out of 210 billion Gross Domestic Product of province no 5, the agriculture sector has 46.5 per cent contribution. The province stands on the first position on lentil and oilseeds production. Bhalubang – Rolpa-Pyuthan and Bhairahawa-Palpa-Gulmi-Arghakhanchi – Kapilbastu Highways are two major ERCs of this Province.

Province No. 7 (Sudur Paschim Pradesh) -Sudur Paschim province is located in western Nepal bordered China to the north, Karnali province and Province 5 to the east Indian states in south and west. Godawari has been announced the capital of the Province. The province has a population of 2,552,517 (is 9.63% of the total population of Nepal) with the population density about 130 persons per square kilometers. The province has a population growth rate of 1.53%. The sex ratio is 912 males for 1000 females, with a total of 1,217,887 males and 1,334,630 females recorded in 2011. The urban population of the region is 1,504,279 (58.9%) and the rural population is 1,048,238 (41.1%). Seti and Mahakali Highways are major ERCs in the province.



[Province 1 and 3: Mid-hill highway; Province 2: East-West Highway; Province 5: Bhalubang-Rolpa Highway; and Province 7 (Sudur pascchim): Dhangadhi-Darchula Highway.]

Figure 1. Economic corridors to be initially covered by the Project

2.4 Project Management Unit

The project will be implemented by MoALD. A project management unit (PMU) shall be organized consisting of a Project Steering Committee (PSC), Office of the Project Director (OPD) and at least four Economic Corridors Offices (ECOs).

Project Steering Committee (PSC). A project steering committee shall be constituted by MoALD, chaired by the permanent secretary for the MoALD and comprising of representatives from National Planning Commission, Ministry of Finance, Ministry of Industry and Commerce, Department of Agriculture. The PSC will: (a) ensure strategic oversight of overall project implementation; (b) ensure coordination and cooperation among all participating agencies, federal and sub-national governments; (c) endorse annual work plans and budgets for all project-related activities; (d) provide overall guidance during project implementation; and (e) endorse financial, programmatic and monitoring reports to be presented to the World Bank and other national

stakeholders to ensure transparency and accountability. The Project Director shall serve as the Secretary of the Project Steering Committee.

Office of the Project Director (OPD)). A Project Director Office (OPD) will be established at the central MoALD office. The OPD will be responsible for the overall supervision, quality assurance and M&E and coordination with other relevant ministries as well as the coordination and implementation of policy and regulatory framework related issues. The OPD will be headed by a Joint Secretary, designated as project director (PD), deputed from the MoALD. The PD will have the authority to make decisions related to the project administration as well as FM. The PD will be supported by an Account Officer, Planning Officer, M&E Officer, Environment and Social specialists, and Administrative Assistant to assist in the smooth functioning of the project management. These officers will also be deputed from the MoALD for the entire project period. The OPD will be responsible for preparing and approving Annual Work Plan with inputs from beneficiaries, key stakeholder and partners; (ii) overseeing overall performance of the project and providing policy guidance; (iii) suggesting necessary adjustments based on M&E results; (iii) development and consolidation of Procurement Plans and procurement of works, goods, services and non-consulting services for the project activities in accordance with legal agreements; and (iv) responsible for the implementation of the Environmental and Social Management Framework (ESMF).

The OPD will be supported by a Technical Assistance (TA) firm which will provide technical services in project management, including setting up operational procedures, developing criteria, developing communication campaign; while also supporting technical assistance as defined in subcomponent 1c and 2c. On an on-call basis, the TA firm will employ sector/theme experts to review and validate the PP proposals (1.a) and Intermediaries proposal (component 1.c). They will be short term consultants and will provide independent financial and technical validation of the proposals received.

Economic Corridor Offices (ECOs). MoALD will also establish Economic Corridor Offices in four selected locations (i.e., in Province 2, Province 3, Province 5 and at mid-point between Province 1 and 3). The ECO will be led by Under Secretary deputed by MoALD with the support from an Accountant, Planning Officer, M&E Officer, Environment officer, and Social officers and Administrative Assistant; procurement offices, seconded from the Ministry, to assist in the smooth implementation of the project. There will be additional technical staff (technical officers as well as technicians, seconded from the Ministry at the ECO in implementation of the project activities. The ECO will be responsible for (a) implementing the project activities at the economic corridor level; (b) conduct procurement activities for infrastructure related activities under Component 1.b and 2.b; (c) facilitating planning and inter-agency coordination; (d) assisting in selection of project sites and beneficiaries; (e) ensuring appropriate governance and accountability, including through management of a suitable grievance redressal system; and supervising Economic Corridor Level TA firm.

Each ECO will also be supported by local TA firms which will assist in the execution of the following activities: (i) support the formation of productive alliances and throughout the implementation of the business plan; (ii) provide capacity building support to the Provincial Ministry based on the Capacity Enabling Needs Assessment; (iii) provide support to rural

municipalities to develop plan for last mile infrastructure (under Comp 1.b); and (iv) support the Economic Corridor office to pursue procurement.

Linkages with Provincial Ministry of Agriculture. While the day-to-day implementation will be conducted by economic corridor project teams with support from TA firms, the project will engage the Provincial Ministry of Agriculture, Land Management, and Cooperatives (MoLMAC) in overall planning, monitoring, oversight and advisories. The project will also support the Provincial Ministries through capacity building through Component 2.b. In the transition phase of the Federalization, the engagement of the provincial ministry of agriculture will take place in two folds; (1) active engagement in policy guidance, monitoring and advisories; (2) capacity and institutional building activities to support rural entrepreneurs, which has been detailed in the Component description 2.a.

Economic Corridor Technical and Coordination Committee (ECTCC). ECTCCs will be established for each of the Economic Corridors. Headed by the Province-level Secretary of Ministry of Agriculture, Land Management, and Cooperatives, the ECTCCs will have equivalent function as the Project Steering Committee at Provincial level, i.e., provide strategic oversight of overall project implementation at provincial level: (a) facilitating provincial-level program planning and implementation of all project activities with the provinces; (b) coordinating with relevant implementing line provincial departments and agencies and stakeholders; (c) organizing periodic progress review; (d) guiding Economic Corridor Offices to work in accordance with the spirit and principles of the project; (e) monitoring and supervising the work being done in the field; (f) ensure coordination and cooperation among all participating agencies, at provincial level; and, (g) provide overall guidance during project implementation.

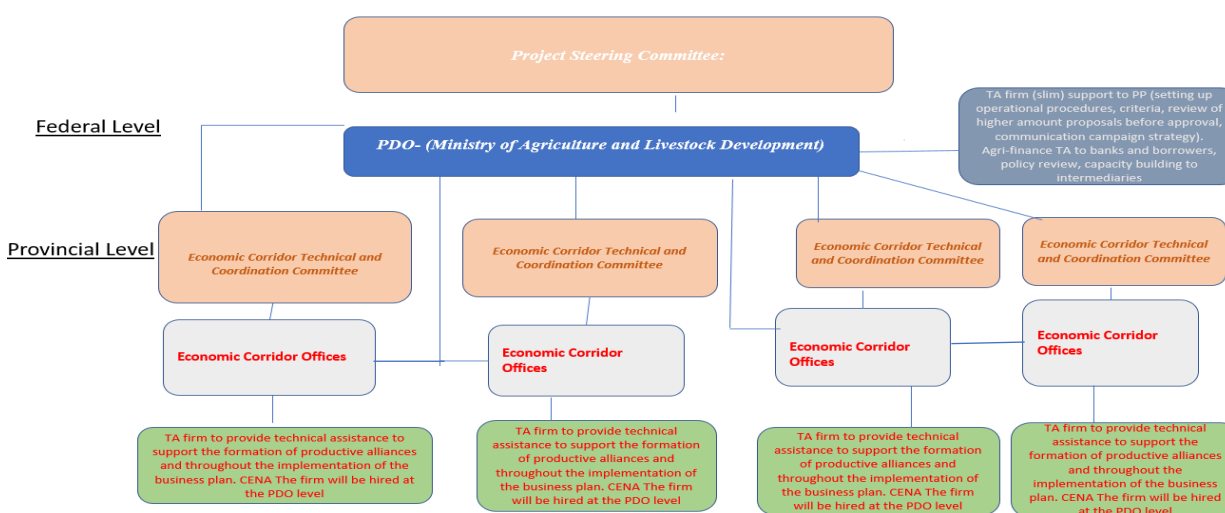


Figure 2. Proposed Project Organization

3. SCOPE OF THE REPORT

This ESMF contains a rapid assessment of the environmental and social risks and impacts of the project and a framework for managing these impacts. The assessment and the management framework cover all the World Bank ES Standards (ESS1-10), focusing on the relevant aspects of the project with respect to these standards (Table 1).

Table 1. World Bank ES Standards and relevant aspects of the project

World Bank ES Standard	Relevance and Areas Assessed
ESS1 Assessment and Management of Environmental and Social Risks and Impacts	This standard applies to the REEDP's Subprojects (i.e. PP subprojects, Last Mile Infrastructure or Market and Export Promotion Infrastructure subprojects). The assessment provides a quick review of the existing country's ES risk management systems in terms of processes and procedures and whether they could adequately address the project's requirements.
ESS2 Labor and Working Conditions	This standard applies to the entire project organization, including hired and regular employees of MoALD and other government entities who will be involved in the project, and project contractors. The assessment looks at the prevailing country laws on labor and working conditions, number of workers and personnel potentially working in the project and its impact on the beneficiary community.
ESS3 Resource Efficiency and Pollution Prevention and Control	The project is not expected to have significant direct impact on resource efficiency. The assessment focuses on potential water and air pollution during construction and the potential pollution issues of commercial agricultural production and processing which may involve use of chemicals and pesticides.
ESS 4 Community Health and Safety	This standard applies to all project interventions on the ground, including small-scale infrastructure and PP production and trading activities. The assessment looks at the health and safety risks of residents and communities of small-scale village construction and PP activities.
ESS 5 Involuntary Resettlement and Restrictions of Access	The project is not expected to involve large scale involuntary resettlement impacts. The assessment looks at land/right-of-way acquisitions requirements of the project.
ESS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources	Expansion of agricultural production areas could impact on the country's forest and natural habitat. The assessment looks at potential direct short-term and long-term impacts on forest, natural habitat and wildlife.
ESS 7 Indigenous People	The project is expected to be implemented in all 7 provinces. The assessment determines the potential presence of ethnic minorities that may qualify as indigenous people as defined in the WB ESS7 standard and the government
ESS 8 Cultural Heritage	cultural heritage sites in the project sites and the probability of encountering chance finds during construction of roads, PP and public facilities is possible.
ESS 10 Stakeholder Engagement and Disclosure	A Stakeholder Engagement Plan has been prepared to establish a functioning platform for effective interaction and meaningful consultations with potentially affected populations and project stakeholders.

4. BASELINE ENVIRONMENTAL AND SOCIAL PROFILE

4.1 Socioeconomic Profile

Nepal is a low income (nominal GDP per capita of US\$1,034), land-locked country sandwiched between two giant countries of India to the South and China to the North. It lies between 80° 04' and 88° 12' East and 26° 22' and 30° 27' North, and, extends 885 km East to West and 145 to 241 km North to South. Nepal has a total land area of 147,181 sq. km.

Demography. The population of Nepal in 2011 reached 26.6 million with an average annual growth rate of 1.4%. Average household size is 5.6 persons with 5,659,984 households. Of the total population, 1.8 million (6.7%) live in mountain, 11.5 million (43.2%) in hills and 13.3 million (50.1%) in Terai. A total of 17% of the population are urban. The sex ratio is high with 51.4% female and 48.6% male. Population density is 181 persons per sq. km⁴, with 1380 per sq. km in urban and 153 per sq. km in rural area; and 205, 354.4, 168.2, 84.6, and 130.2 persons per sq. km in the Eastern, Central, Western, Mid-western and Far-western Regions of Nepal. Population growth rate between 1991 and 2001 was 2.25%. Nepal is a young country with 63.7 percent of the country's overall population (26.5 million) aged below 30 years.

Table 2. Area and population by province

	Provinces	Capital	Area (km ²)	Population (2011)	Density people/km ²
1	Province No. 1	Biratnagar	25,905	4,534,943	175
2	Province No. 2	Janakpur	9,661	5,404,145	559
3	Bagmati Pradesh	Hetauda	20,300	5,529,452	272
4	Gandaki Pradesh	Pokhara	21,504	2,403,757	111
5	Province No. 5	Butwal	22,288	4,741,716	212
6	Karnali Pradesh	Birendranagar	27,984	1,327,957	47
7	Sudurpashchim Pradesh	Dhangadhi	19,539	2,552,517	130
	Total		147,181	26,494,487	180.01

In 2012, the rural population was estimated to be about 82.7 percent of the total and population. Agricultural land made up 29.7 percent of the total land area.

Ethnicity and Social Structure. Nepal is country with great ethnic and social diversity. The country's population is a mixture of various ethnic groups. The 2011 census listed 59 indigenous people groups which are collectively referred to as Adivasi Janajati (AJ). According to the census, the AJs represent about 36% of the country's population. As a predominantly Hindu country, Nepal has a highly stratified and hierarchical social structure. There are about 63 castes which including 15 Dalits castes. About 86% of the population follows Hinduism, 8% follows Buddhism and 3% follows Islam. Dalit castes are at the bottom of the caste hierarchy and the most disadvantaged among the castes. The following groups have been identified as Dalit groups: Hill and Mountain Dalits, Terai Dalits and Newar Dalits (see Annex 7 for the list).

Human Development. Nepal's Human Development Index (HDI) value for 2018 is at 0.579—which puts the country in the medium human development category—positioning it at 147 out of 189 countries and territories. The literacy rate is at 67.9% with male at 78.6% and female at 60%. The life expectancy at birth is 70.5 years with male life expectancy at 68.8 years and female 71.6 years. Currently, Nepal ranks 105th out of 157 countries in progress towards meeting the Sustainable Development Goals (SDGs) (Sachs et al. 2017). According to the most recent Demographic and Health Survey (DHS) in Nepal (2016), the maternal mortality ratio is 239 per 100,000 live births, meaning 1 out of every 167 women have a lifetime risk of dying related to pregnancy or childbearing. Nepal has made significant strides in reducing neonatal, infant, and under-5 mortality (around a 60 percent reduction between 1996 and 2016), but additional work is required to further reduce child mortality and to meet the SDG targets for neonatal and under-5 mortality (MOH 2017) (USAID, 2017).

Land resources. The land use pattern of the country by type in 2001 is 3,090,780 ha (21%) cultivable land; 1,030,390 ha (7%) non-cultivated land; 4,268,200 ha (29%) forest; 1,560,110 ha (10.6%) shrub; 1,766,160 ha (12%) grass land; 382,660 ha (2.6%) water/lake, and 2,619,800 ha (17.8%) other. The natural resources of the country employed three-fourths of population and contributed 36.2% to GDP in 2010/11. Forest area including shrub declined from 6.31 million ha (42.9% of total country area) in 1986 to 5.83 million ha in 2001. A decline in forest area from 4.27 million ha (29% of total land area) in 2001 to 3.73 million ha (25.3%) in 2010.9 Nepal lost 7.9% of its forest during 1990 to 2005 as per the total rate of habitat conversion. Deforestation has caused a rapid decline in forest coverage, particularly in Terai plains and hills at 1.3% and 2.3%, respectively, between 1978 to 1990, and 0.78% in Terai from 1990/91 (1,158,545 ha) to 2000/01 (1,149,494 ha). Annual deforestation rate in 20 Terai districts between 1991 to 2001 was 0.06%. Despite the rapid deforestation, Nepal has been successful in participatory forest management, and consists of 1.23 million ha community forest 14 and 0.54 million ha buffer zone forest area around 12 protected areas in 2011.

Agriculture Sector. Agriculture is the mainstay of the economy, providing a livelihood for almost two-thirds of the population but accounting for less than a third of GDP. It provides employment to 69% of labor force but contributes only about 27% of GDP (Index Mundi, 2019). Nepal has 2.97 million ha gross cultivated land and 2.64 million ha net cultivated land, of which 51.5% lies in Terai, 39.9% in hills and 8.6% in mountain. Size of landholding has decreased from 0.96 ha in 1991/92, 0.8 ha in 2001/02 (CBS 2006), and 0.7 ha in 2010 (JICA 2012). With 65% of cultivated land in the slopes of hills and mountains, loss of fertile topsoil due to erosion is common. Soil is shallow, acidic, poor in organic content, and deficient in available nitrogen in the hills. Cereals, including rice, wheat and maize, are grown on almost 90 percent of the cropped area and account for 56 percent of the total agricultural production. Subsistence small farmers, who produce less than 2 percent of the marketed agricultural produce, operate nearly 90 percent of the 3.4 million agricultural holdings. In 2009, livestock population was 21 million, which included 7.2 million cattle, 4.7 million buffalo, 8.5 million goats and 0.6 million sheep. In 2010, 92.48 percent of the female population was economically active in agriculture (2). Women comprise 65 percent of the workforce in agriculture, although statistics do not include much of the unpaid family labor in subsistence agriculture. Additionally, women are responsible for 70 percent of the livestock production, carrying out activities like feed preparation, feeding, cleaning sheds and preparing milk products.

Industry and Services Sectors. Nepal's GDP is driven by services sector. Nineteen percent (19%) of the labor force are employed in the services sector and yet contribute about 60% of the GDP. However, much of these are coming from abroad. Nepal is heavily dependent on remittances, which amount to as much as 30% of GDP. On the other hand, the industrial sector is small and currently contributing only 13.5% of the GDP and employing about 12% of the labor force (Index Mundi, 2019). Industrial activity mainly involves the processing of agricultural products, including pulses, jute, sugarcane, tobacco, and grain.

Water Resources. Nepal possesses 2.27% of the world's freshwater resources. There are over 6,000 rivers and rivulets and 660 lakes of more than 1 ha with annual runoff of 220 billion cubic meter (BCM) of which only 15 BCM is utilized. Groundwater potential is 12 BCM, of which annual withdrawal is 0.756 BCM for irrigation and 0.297 BCM for domestic uses. There are 242 wetlands covering 0.42 million ha. A total of 1.2 million ha land is irrigated (68% of the total irrigable land, DOI 2007), of which 0.93 million ha is irrigated by surface and 0.28 million ha by groundwater. Irrigation efficiency in 2001 was estimated to be 78% in summer, 28% in winter and less than 2% in spring. Total water requirement for irrigation is 67 BCM. However, the total annual utilization in 2002 was estimated to be 18.5 BCM (96.1% for agriculture, 3.6% for domestic use, and 0.3% by industry).

Energy. Total hydropower generated in the country is 634 MW despite the techno-economic potential to generate over 43,000 MW. Annual per capita energy consumption is estimated at 16 gigajoules, with fuel wood and animal dung contributing 87.9% (87.4% in 2002/03), petroleum products 8%, coal 1.8%, electricity 1.8%, and renewable energy (biogas, solar) 0.5% (0.4% in 2002/03). The total demand for fuel wood in 2003/04 was estimated to be 16.8 million tons while the sustainable supply from forest was 6.5 million ton. The households in 2001 used 65.6% fuel wood, 13.5% kerosene, 7.7% LPG, 1.7% biogas, 10% cow dung and 1.6% others for cooking.

Land Tenure and Ownership. The following tenure systems exist in the country: (i) Raikar or private land with absolute ownership which may be leased or mortgaged; (ii) Public and government land; and, (iii) Guthi or trust land is land which is set aside by individuals and the State for religious and philanthropic institutions such as temples and schools and often is farmed by tenants. The cash or in-kind incomes from farming such lands are used to finance religious and social functions.

Land under tenancy, both pure and mixed, constitutes about 10 percent of the total farmland. But the actual incidence of tenancy is much higher due to the presence of informal or unregistered tenants. Landowners have continued engaging tenants on an informal basis especially in the Terai Region where landowners often engage Indian cultivators informally, since the latter cannot legally own or rent lands.

Landlords reportedly are generally hesitant to rent out their land for sharecropping out of fear of property claims by tenants. Existing tillers are being evicted on a daily basis which is a testament to weak tenure security of both the landowners and tillers. Although contract farming has started being practiced in some places, a formal act concerning contract farming agreement is not in place. (USAID, 2018)

Labor and Working Conditions. Basic employment-related challenges in Nepal are attributed to the predominance of employment in the informal segments of the Nepali economy with low productivity and earnings, and poor working conditions, resulting in underemployment in the country. A recent survey by the World Bank (2020) on a few of its projects reveal, a heavy reliance of contractors to informal labor contracting. The lack of formal contracts was the norm rather than the exception, according to the findings of this study. Instead, verbal agreements were common while hiring laborers and high skilled workers, such as surveyors and engineers as well. Among those who did have a signed contract were mostly petty contractors/leaders followed by a few lab technicians, cooks and heavy equipment operators.

The practice of labor provision in Nepal is done through a labor broker or Naikhe which provides cheaper workforce to project contractors. Only verbal work agreement is made between Naikes and contractors, and the agreement between Naikes and individual workers are made informally. In regard to the prevention of child labor, Nepal is one of the countries with a very high proportion of child labor. According to the ILO statistics, Nepal accounts for 1.6 million children between the ages of 15-17 engaged in child labor, out of which 62,000 children between ages 5-17 are engaged in hazardous work (ILO, 2012). Occurrence of direct or primary contractor-hired child labor in donor-funded project is rare because the PMUs and supervising consultants are constantly highlighting and monitoring the no-child labor compliance. However, the issue may be significant for subcontracted labor (Naikhe) or subcontractor labor where employee data are difficult to obtain, and for suppliers of some manufactured construction materials such as bricks and stones. Complaints are done in a traditional informal way, i.e. through the supervisor. There is no documented formal grievance redress mechanism for laborers in projects.

Occupational Health and Safety. The consensus in the literature is that the overall status of occupational safety and health in Nepal is not satisfactory. Most of the workplaces, especially the ones requiring more physical work and labor, do not possess proper safety and preventive measures and the workers do not have proper understanding of exposure to hazards and measures to minimize them. In a survey conducted among construction workers in Nepal it was revealed that: (i) awareness of OHS standards is very low or non-existent; (ii) the workers generally disagree with the workplace ergonomics; and (iii) are not satisfied with their managers concern for their safety (Koirala, 2017). In general, enforcement of OHS standards in infrastructure development projects is lax, even for donor-funded projects with only very few exceptions. A recent survey by the World Bank of five projects reveals that issues such as poor housekeeping, lack of signages, and non-wearing of personal protective equipment (PPE) are very common occurrences at construction sites, and some project contractors on site are not even aware of the OHS clauses in their contracts (SARSS, 2018). In donor-funded projects, OHS has been part of the ESMP compliance monitoring but compliance remain low as contractors tend to ignore constant citation of violation primary because of lack of sanctions from PMUs. Meanwhile the Ministry of Health and Population does not cover nor is mandated on occupational health and safety issues. No health programs in Nepal address the prevention and control of occupational related diseases and conditions. Though the Labour Act states that occupational diseases are required to be reported, it has not defined the list of the occupational diseases and the process for providing welfare and compensation to the workers suffering from occupational diseases.

Community Health and Safety. Nepal's topographical and sociological diversity results in periodic epidemics of infectious diseases, epizootics and natural hazards such as floods, forest fires, landslides, and earthquakes. A large section of the population, particularly those living in rural poverty, are at risk of infection and mortality by communicable diseases, malnutrition and other health-related events. EIAs in Nepal have traditionally included basic information about the baseline health profile of the population in the project influence area. However very few or none have actually assessed specific health issues that may be impacted or exacerbated by the project interventions. Community health management measures such as awareness campaigns on HIV/AIDS, STI/STD and other communicable diseases often get inserted into the ESMP without the benefit of justification from impact assessment or analysis. Also, while community-based health programs of the Ministry of Health and Population, tackling issues of community health are present and showing positive results (See APC, 2017), infrastructure projects rarely link with and/or tap into these community-based programs.

Cultural Heritage Sites. Nepal is a treasure land for cultural heritage sites. Seven of the cultural heritage sites of Nepal are listed in World Cultural Heritage List by UNESCO. These ancient monuments date back to 13th century. Pashupatinath, Swayambhunath, Boudhanath, Changunarayan, Kathmandu Durbar square, Bhaktapur Durbar square and Patan Durbar Square (Durbar square means "King's Palace" in Nepalese term) are listed in the world cultural heritage list. Kathmandu, Bhaktapur and Patan are three major historical cities where art, architecture and culture was developed and flourished to its full potential during 13th century to 17th century. Another UNESCO listed world cultural heritage site is Lumbini where Lord Buddha was born and spread Buddhism all over the world. Nepal is a culturally rich country with cultural artifacts such as temples, monuments and sacred sites spread across the country and having a diverse cultural value, traditions, beliefs, knowledge. Often infrastructure projects are not directly related to the risks and impacts to cultural heritage from project activities. The Project ESMP will set out measures to protect cultural heritage in general of the project area, in cases of chance finding and in particular where IPs are prevalent.

4.2 Environmental Profile

Climate and Meteorology. Nepal represents two bio-geographical realms: the Palearctic and Indo-Malayan. It lies at the cross-roads of the Southeast Asian, Northeast Asian and Mediterranean tracts. Average annual precipitation is 1,630 mm. Eastern Nepal receives 2,500 mm and Western Nepal receives 1,000 mm annual rainfall. A total of 80% rainfall occurs in monsoon (June to September). The annual mean temperature is around 15°C. The climate of Nepal greatly varies from north to south and east to west. In general, climatic zones in Nepal are categorized by temperature regimes based on altitudinal ranges. These climatic zones are sub-tropical (<1,000 m elevation), warm-temperate (1,000–2,000 m elevation), cool-temperate (2,000–3,000 m elevation), alpine (3,000–4,000 m elevation) and arctic (>4,500 m elevation). The Terai region is located in the sub-tropical climatic zone characterized by hot and humid summers, intense monsoon rain, and dry winters. The annual rainfall decreases gradually from the Eastern to the Western Terai. The annual total rainfall in this region varies from 1,138 mm to 2,680 mm, and the mean monthly precipitation ranges from 8 mm to 535 mm. The climate of Churia region ranges from sub-tropical to warm-temperate and is characterized by hot and sub-humid summers, heavy monsoon rain, and cold, dry winters. The precipitation pattern in Churia is variable, with the

highest annual rainfall in the Eastern and Central Development Regions. The total annual rainfall varies from a minimum of 1,138 mm to the maximum of 2,671 mm.

Topography and Geology. Nepal is located between 26° 20' 53" N to 30° 26' 51" N latitude and 80° 03' 30" E to 88° 12' 05" E longitude. Nepal is predominantly a mountainous country characterized by fragile and young geology, unstable slopes and high topographical variations. There are five physiographic regions in Nepal (Figure 1) based on geology and geomorphology (LRMP, 1986). These are: Terai, Churia, Middle Mountains, High Mountains, High Himal. With an area of 147,181 sq. km, of which Terai, which is the northern extension of the Indo-Gangetic plains comprises 14%, Churia hills 12%, mid-hills (Mahabharat) 30%, high mountains 20% and high Himalaya 24% area. About 14% of the country's land area is permanently covered with snow. Earthquakes of major consequence are reported in Nepal in an average of every 75 years.



Figure 3. Physiographic regions of Nepal

Land cover types. Land cover of Nepal is categorized as forest, agriculture, grassland, water/wetlands, settlement, and other categories (Table 3). Studies show that forest is the dominant form of land cover in Nepal, covering 6.54 million hectares with a contribution of 44.5 % to the total geographical area of the country. Agriculture area is extending over 3.2 million hectares (21.9 %). The settlement and water bodies cover about 0.17 and 0.18 million hectares, that is 1.2 % and 1.2 % of the total area of the country. A large part of the country is classified as other, which is about 4.22 million hectares, equivalent to 28.7% of the total area. The high mountain area is largely covered by snow and glaciers and barren land which is classified as ‘other’ land cover type.

Table 3. Land Cover Types in Nepal

Land cover types	Land area (million hectares)	Per cent
Forest (including shrubs)	6.54	44.5
Agriculture	3.22	21.9

Wetland (including water bodies)	0.17	1.2
Settlements	0.18	1.2
Grassland	0.38	2.6
Other	4.22	28.7
Total	14.71	100.0

Source: FRTC, 2019

Forest and Biodiversity. The country possesses great diversity of flora and fauna comprising 11 bio-climatic zones, 118 ecosystems and 35 forests. Nepal is placed in 25th position in the World in biodiversity richness. Despite Nepal occupies only 0.1% of the World's land area, it hosts 850 species of birds (9.3%), 185 mammals Country Partnership Strategy: Nepal, 2013–2017 2 (4.5%), 100 reptiles (1%), 43 amphibians (1%), 170 fish (1%), 645 butterflies (2.6%), and 5856 flowering plants (2.7%). There is currently around 3.73 million ha of forest in Nepal, including shrublands. Forests and wetlands provide habitat to 25% of the country's biodiversity. A total of 28 mammals, 22 bird, 9 reptile, and 2 invertebrates are registered as vulnerable and protected species by the Government of Nepal. Twenty protected areas (10 national parks of 1.08 million ha, 3 wildlife reserves of 0.1 million ha, 1 hunting reserve of 0.13 million ha and 6 conservation areas of 1.54 million ha) are established, which covers 19.4% of total area of the country. The twelve protected areas have buffer zones conserving 0.58 million ha forest. A total of 1.23 million ha forest is managed by 17,685 community forest user groups. There are 9 Ramsar sites in Nepal covering a total area of 34,445 ha. Protection in protected areas and their buffer zones, community forests and leasehold forests are better than in Government managed forest (1.2 million ha), where forest degradation is high and requires substantial improvement. Regular monitoring of status of trees is needed in community forests.

Air Quality. About 92.3% of the households in rural and 40.1% in urban areas used firewood in 2001, which contributed about 86% of TSP, 82% CO, 94% NO_x and about 80% SO to the total pollutant emissions. The ambient air quality measured in major urban areas such as Biratnagar, Birgunj, Janak There is currently around 3.73 million ha of forest in Nepal, including shrubland. Butwal, Bhairawa, Pokhara and Nepalgunj indicated high level of PM₁₀ (196 to 2,104 ug/m³), TSP (260-2,222 ug/m³), and SO₂ (85 – 140 ug/m³). However, there is no system of continued monitoring of urban air quality. Total number of vehicles in the country has reached 1.13 million at the end of 2010/11, with a density of 53 vehicles per km road. These vehicles lack proper pollution reduction devices, and, are responsible for 37% of total PM₁₀ generation. Vehicle emission testing facilities are limited. The Government has recently decided to allow import of only Euro 3 standard vehicles.

Water Quality. Surface water in urban areas is highly polluted by direct discharge of domestic and industrial wastes from carpet washing and dyeing, leather processing and tanning, foam, plastic, and nutrients from agrochemicals in rural areas. Rivers of Kathmandu Valley and many other towns like Birgunj have become biologically dead. Wetlands including ponds and lakes in the town of Janakpur and other towns have become highly contaminated. Water in Terai is contaminated by Arsenic in the range of more than 10-50 µg/l (WHO threshold is 10 µg/l) exposing 2 million population.

Solid Waste. About 1400 tons per day of solid waste (72% organic) is generated daily in the 58 municipalities at a rate of 0.25 kg/person/day, of which only 42% is collected and managed. In the absence of proper landfill sites, the collected waste is directly dumped in rivers, forest or agriculture fields. There are no separate arrangements for managing hazardous and medical waste.

4.3 Prevailing Environmental and Social Issues

Land degradation. Soil erosion and flooding are the major causes of land degradation in Nepal. The extent of area mainly affected by riverbank erosion was 16,398 sq. km, slumping and gully erosion was 4,244 sq. km, and mass wasting was 116,566 sq. km. Rivers carried around 336 million tons of soil per year, causing riverbed aggradations at a rate of 35-45 cm annually, causing increased incidents of flooding in Terai. In 2001-02, an area of 0.7% in Mountain 0.6% in Hill and 1.7% in Terai was made uncultivable by flood and soil erosion. The steep mountainous terrain of Nepal combined with heavy monsoon rainfalls result in a high risk of landslides each year. Floods and landslides have caused approximately 8,400 deaths in Nepal from 1983 to 2013, with an average of 269 deaths per year. In general, the mountainous and hilly regions are more prone to landslides, while the Terai (lowland) region is more susceptible to floods. Because of the topography and the relatively young geology of the country, roads are particularly vulnerable to frequent roadside erosions and landslips, requiring engineering and biological slope stabilization measures.

Fire. Fire is a recurring disaster occurring almost every year during the dry season in Nepal, i.e. from February to May. The fire in the town of Myanglung in Terhathum District in 2002 and Phungling Bazaar in Taplejung District in 2003 in Eastern Nepal, and in Aurahi, Siraha District of Central Nepal in May 2012 are some of the major and devastating fire incidents. In addition, frequent forest fire causes loss of thousands of ha of forest and biodiversity every year. A study by ICIMOD suggests that 4,217 forest fire incidents took place in 2009. In 2012, with the help of Moderate Resolution Imaging Spectroradiometer (MODIS) instrument on NASA's Aqua satellite, Nepalese officials counted at least 225 with the largest destroying 600 hectares of forest. Officials say the fires have been caused by a long dry spell, windy weather, and discarded cigarettes.

Epidemics. Epidemics are responsible for about 55% of disaster deaths in Nepal. Among the communicable diseases causing epidemics are Dengue, Acute Gastroenteritis/Diarrhea. Among the other major infectious and vector-borne diseases present in Nepal are Malaria, Tuberculosis, Japanese Encephalitis, Lymphatic Filariasis, Visceral leishmaniasis in Terai region and HIV/AIDS. HIV/AIDS is characterized as a concentrated epidemic in Nepal with an adult (ages 15-49) HIV prevalence of 0.3 percent in 2011. According to recent estimates, Nepal is home to approximately 50,200 people living with HIV and four out of every five **infections** in Nepal have occurred through sexual transmission. Nepal stands highly vulnerable to the unfolding COVID-19 pandemic, which has affected all sectors of the country including food security and the agricultural sector.

Poverty. Twenty-five percent of the Nepalese population live below the national poverty line. The poorest are those in the lower castes, Muslims, and agricultural laborers. (Oxfam et al. 2016; Basnet 2016 as cited by USAID, 2018). The poverty headcount ratio (at the international \$1.90 / day line) is estimated to have fallen to 10 percent in 2017 (from 15 percent in 2010). At a higher

line of \$3.20 a day, poverty is estimated at 43 percent in 2017, down from 51 percent in 2011, indicating widespread vulnerability. According to the 2018 Multidimension Poverty Index (MPI), about 29 percent of Nepal's population is multidimensionally poor. However, these gains remain vulnerable to shocks and setbacks, as evidenced by the 2015 earthquakes, which were followed by trade disruptions resulting in GDP growth of 0.6 percent in 2016, the lowest in 14 years.

Exclusion of Indigenous People. Nepal's highly stratified and hierarchical social structure has controlled access to resources and economic opportunities. The indigenous nationalities (Adivasi Janajati) of Nepal comprise 36% of the total population. The 2011 census listed the population as belonging to 125 castes and ethnic groups, including 63 indigenous peoples; 59 castes, including 15 Dalit castes; and three religious' groups. Even though indigenous peoples constitute a significant proportion of the population, throughout the history of Nepal, they along with the lower caste groups have been discriminated, marginalized, excluded in terms of land, territories, resources, language, culture, customary laws, political and economic opportunities. Discrimination and systematic exclusion of indigenous people and other lower caste groups have since been outlawed. However, caste-based discrimination has been deeply ingrained in Nepalese culture and continues to be experienced by members of the lower castes. Nepal has already ratified ILO Convention 169 on Indigenous and Tribal Peoples and passed the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) and the World Council of Indigenous Peoples (WCIP) Outcome Document. However, the local laws do not yet reflect many of the key elements of these international conventions such as the provision for Free and Prior Informed Consent.

Caste-based discrimination and vulnerability. The Nepal caste system which has its roots in the ancient Hindu religious texts, codes and traditions, divides people into unequal and hierarchical social groups. Those at bottom of the system (which are composed of several Castes collectively known as the Dalits are discriminated against and excluded socio-culturally, economically and politically. Due to exclusion and discrimination, Dalits have limited access to resources, services, education and employment, keeping most of them in severe poverty. Although caste-based discrimination was legally abolished by an amendment on the Nepal Civil Code (Muluki Ain) in 1963, the caste system, is still pervades in the Nepali society. Based on the 2011 census enumeration Dalits account for 13.6% of the country population.

Land distribution in Nepal. There is a significant imbalance in distribution of land in Nepal. According to Nepal Standard Survey 2011, top 7 percent of the households occupy 31 percent of the agricultural land while the bottom 20 percent own only about 3 percent. 45.7 percent of agricultural households own between half a hectare and three hectares of land and occupy 69.3 percent of total cultivable land. 52.7 percent of those households own half a hectare or less and occupy 18.5 percent of cultivable area. The average size of agricultural landholding is 0.7 hectares in rural areas and 0.5 percent in urban areas. Similarly, a majority of the agricultural households depend on small farm size for cultivation. Of the total farmers, about 53 percent are “small” farmers, defined as those who are operating less than 0.5 ha of land, and other 4 percent are “large” farmers (operating 2 ha and more land). There is also an uneven distribution of the agricultural land in the country. Small farmers operate only 18 percent of total agricultural land while 22 percent of the land is operated by “large” farmers. Similarly, in terms of land tenure, about 95 percent of the agricultural households own land and 10 percent rent out some or all of their land to others. On the other hand, 32 percent of households operate at least some land rented-in from

others. At the other extreme, 5 percent households do not own any land but operate land owned by others on contractual basis, says the survey.

5. SOCIAL AND ENVIRONMENTAL RISKS/POTENTIAL IMPACTS

5.1 Project Activities that have potential Environmental and Social Impacts

The interventions that have environmental and social impacts or ES risks are: (i) the implementation of PP business plans/proposals (Component 1a); (ii) the implementation of "last mile" infrastructure subprojects (Component 1b); and, (iii) the implementation of market and export promotion infrastructure (Component 3). The PP business plans will range from, production of crops or livestock, post-harvest processing, manufacturing and marketing. The types of PP subproject proposals to be funded by the project are not yet specified but are anticipated to include crop/livestock production, construction of small buildings to be used as enterprise offices, aggregation centers, storage, sorting and/or processing/manufacturing activities, and installation and operation of processing equipment and machineries. The "last mile" infrastructure includes rural agricultural and feeder road networks to all weather access roads, irrigation ponds, small-scale irrigation schemes, rehabilitation and maintenance of minor bridges and gravity ropeways while the market and export promotion infrastructure would involve construction of buildings and facilities for the Regional Market Centers in strategic locations along the economic corridors and municipal agriculture centers. In summary, the project will involve the undertaking of the following types of activities:

- Crop production, including bee keeping;
- Animal production (livestock, piggery, poultry);
- Procurement, installation and operation of processing/manufacturing equipment and facilities;
- Trading and marketing activities, including collection, sorting, aggregation, sorting, transport of farm products;
- Construction of buildings (to house trading centers, PP offices and post-harvest facilities, construction and rehabilitation of regional markets and municipal agriculture centers);
- Construction and rehabilitation of feeder roads and bridges;
- Construction and operation of irrigation ponds and small-scale irrigation schemes;
- Construction and operation of ropeways
- Others small-scale facilities

5.2 Environmental and Social Risks and Impacts of REED Project and Mitigation Options

As discussed, the environmental and social risks of the project would come from the activities enumerated above. The following are their specific risks or potential impacts:

5.2.1 Risk of labor and working conditions

Labor and working conditions standards are likely to be the risk due to weak enforcement of the labor laws and worker rights by the contractor and weak compliance monitoring by the client. The following are critical:

Risk of workers in the project being denied their rights. The project will hire new staff and engage MoALD staff into the project. These new staff will be subject to the government's consultant hiring policies and are expected to be provided with adequate rights. However, project contractors would not be directly under the control of MoALD. Given the lax enforcement of labor laws and the documented prevalence of informal contracting in the construction industry, there is a risk that workers hired by contractors will not be provided adequate worker's rights. The labor management process will be developed as outlined in the ESMF and consistent with national legislation and ESS 2 addressing all issues including the applicable requirements regarding non-discrimination, equal opportunities, health and safety for those mobilizing labor works for construction. It will be ensured that LMP will be updated, maintained and implemented throughout the Project period and that they are applicable to contractors, Project workers and all sub-contractors engaged in the Project. The LMP will be part of the bid document for contractors and the compliance monitoring of the same the responsibility of the government. LMP for subprojects will be developed as part of ESMP and applied throughout Project life cycle.

Risk of children being hired to work in the project and in the Productive Partnership activities. There is a possibility that children could be hired in construction works, either directly through the Naike system or indirectly through suppliers of building materials. The bricks industry in Nepal is notorious for using children. The project should have a strict policy against hiring children by contractors and this shall be specified as part of the contract. If the subproject involved bricks as building material, the contractor should be required to show evidence that the bricks used are coming from factories that do not use children labor. No children below the age of 14 should be hired. And, children below the age of 18 should be assigned only on light duties and strictly not on hazardous tasks or work environment. PP facilities should adopt strict policies about hiring underage children. Children working as part of family labor on the PP farm supported by the project however may be allowed provided the children are a member of the family/household and the duties are limited to light duties and work hours/season should not interfere with their schooling. No bonded labor should be allowed in PP's supported by the project.

Occupational health and safety standards Left on their own without ESS requirements, contractors of small infrastructure are unlikely to meet OHS standards due to lack of government enforcement of the law and lack of safety culture among the employers and employees. The same can be expected of the operations in PP facilities involving process equipment. The project shall require contractors to implement standard OHS on construction sites. This will be included in the contract. A training on OHS maybe provided by the project for selected contractors who are already engaged in the project. In the case of operations of PP facilities, the project should ensure that OHS standards are incorporated in the Operations and Maintenance Plans/Manuals of PP establishments. For processing equipment, PPs are required to obtain an operation manual from manufacturers/suppliers of the equipment and to properly train operators.

5.2.2 Potential pollution impacts of project activities

Sedimentation of rivers and generation of dusts. Construction activities in small-scale village-level infrastructure may cause localized low-level pollution. Activities that would involve vegetation

clearing, slope cuts and excavations, will result sedimentation of rivers during rainy days or the generation of dust during dry days. This impact is expected to be temporary occurring mostly during construction period. Sedimentation can be minimized by prohibiting the dumping or storing of boulders and soil materials in the river or along runoff/drainage channels. Contractors may also be required to immediately stabilize exposed soils or loose embankments. Unusable soil materials (such as organic materials, dismantled pavements) should be disposed of in designated disposal sites. Dusts nuisance can be minimized by requiring the contractor to slow down in residential areas or in school zones and regularly spray water on the construction routes during dry days. To minimize nuisance from construction noise, contractors can be required to restrict construction activities within daytime period.

Increase use of pesticides. The project will prohibit the purchase of banned pesticides and agrochemicals. However, PP production scheme will likely involve use of chemical inputs using their own equity. In the long term, intensification of agricultural production may result in increased use of pesticides and agrochemicals which could pollute surface water in the area. This may happen immediately if required in the PP business plan or may happen gradually over time as production because more and more commercialized. The project should prohibit the use of banned pesticides (i.e. those that are persistent pollutants). PP business plans involving crop production should include provisions for proper handling and storage of pesticides and training of farmers.

Soil erosion and landslide from infrastructure sites. There is a potential for erosion of slopes particularly road cuts and embankments as well as slope cuts on sites of buildings and facilities. Roads may likely need slope stabilization measures to be functional. The project may need to consult the MoPIT's Department of Roads for appropriate bioengineering design measures for feeder roads under the project. Cultivation of hillsides and steep slopes will likely increase soil erosion and sedimentation of waterways due to cultivation of the hillsides and slopes. PP participants engaged in crop production in hilly lands shall be provided technical assistance to undertake soil conservation measures such as terracing, contour farming and/or agroforestry.

Waste from operation PP facilities. There would be wastes generated from the operation of PPs facilities (e.g. post-harvest processing, food manufacturing, etc.). These wastes (liquid or organic solid wastes) have the possibility of polluting the local water bodies and can accumulate and pollute the vicinity of the facilities. All business plan/feasibility studies of PP subprojects involving operation of equipment/facilities should include provisions for waste treatment and a waste management plan in the subproject.

5.2.5 Risk on Natural Habitat, Wildlife and Biodiversity

Loss of natural habitat. The project could result in the conversion of forests and other natural habitats. This impact could be direct if PP business plans require expansion of farm areas or opening of new areas for cultivation. The impact may also occur in long term as increased access to markets could influence private individual decisions to clear additional patch of land for crop or grazing. Construction of new road routes may also directly impact on natural habitat and wildlife corridors. PP business proposals should be screened against plans to encroach into strict protection zones of protected areas. Expansion into forest areas shall be cleared by the Department of Forestry and Soil Conservation. Plans to utilize buffer zones of protected areas should also be approved by the protected area management.

Impacts on wildlife. There is a possibility that road projects will traverse forested areas. Noise during construction activities is expected to have temporary impacts on wildlife. Wildlife are expected to return when there are no more activities in the area. However, some roads may have permanent impacts on the wildlife, if the road traffic is heavy and cuts through wildlife and critical habitat. Such road alignments will not be supported by the project

Conversion of family home gardens. Home gardens in Nepal provides critical role in nutrition and food security of the rural household. Conversion of smallholders' home gardens into or as part of the PP monocrop commercial farm, could impact into agrobiodiversity and family food and nutrition security. PP business plans that involves commercial crop production should include provisions to require smallholder PP members to retain portions of landholdings for multi crop home gardens. MoALD may also provide extension support to smallholders to improve the productivity of their home gardens through other programs.

5.2.6 Land Acquisition Requirements

Land requirements under the project are expected to cause some physical displacement (such as through relocation, loss of residential land or loss of shelter) or economic displacement (loss of land, assets, leading to loss of income sources or other means of livelihood). The scope and scale of displacement is not yet known at this stage of project preparation. Any land required for PP facilities are expected to be acquired through direct negotiations with the landowners in line with provisions of the Land Acquisition Act 1977 and WB's ESS5. In addition, the rehabilitation and/or opening of new roads would likely require acquisition of additional right-of-way. A Resettlement Policy Framework (RPF) has been prepared for the project which outlines the resettlement principles, procedures, organizational arrangements, and design criteria that will informed the identification of project-affected persons (PAPs) and which will guide the preparation of Resettlement Action Plan (RAPs) to address involuntary resettlement impacts.

5.2.7 Indigenous People and Vulnerable Sector

Indigenous Peoples. The project will be implemented in strategic rural economic corridors in all seven (7) provinces. It is highly likely that some of these corridors will have ethnic minorities that may qualify as indigenous people as defined by the government of Nepal and WB ESS7 standard. An Indigenous People's Policy Framework (IPPF) has been prepared for the project. Under IPPF, subprojects located in territories of indigenous peoples are required to undertake consultation with IPs and if the impact is large then a free and prior informed /consent maybe required with the IP community followed by the IP development plan.

Vulnerable Groups. Members of the bottom castes (Dalits), women headed households and landless agricultural workers, in the project areas are at risk of being adversely impacted and/or excluded from the benefits of the project, further contributing to their impoverishment and marginalization. Efforts will be exerted to reach out to vulnerable groups to consult them and provide them assistance so they can participate in the subprojects. Vulnerable households that would lose land or other assets due to the project will be provided special treatment, including additional assistance under the Resettlement Policy Framework.

Women. Women are more likely than men to work in agriculture and less likely than men to work in industry/manufacturing and services. For example, 80.1 percent of women work in agriculture versus 59.4 percent of men. Similarly, while women are more likely than men to work in subsistence agriculture (about three quarters of working women compared to 53 percent of men), they are less likely to engage in paid work and to own businesses (for example, women hold only 24.9 percent of non-agriculture wage jobs¹ and own 34 percent of rural non-farm enterprises²). The predominant areas where substantive gender gap identified are confined to i) access to markets and market information and (ii) access to finance and (iii) access to technology, and iv) access to business skills training and business development services. The project will make special effort to address these constraints of women in accessing project benefits and opportunities and also while providing compensation and other mitigation measures.

5.2.8 Sexual Exploitation and Abuse and Sexual Harassment:

Nepal has high incidences of GBV cases with mostly women as victims. Out of the 15 most GBV prevalent countries in the world, Nepal ranks 4th in domestic violence and violence by a partner.³ In Nepal, GBV is prevalent due to unequal gender relations and discrimination towards women in both public and private sphere. It has direct implications on the reproductive health status of women and physical, emotional, and mental health of their children. NDHS 2016 records 23 percent women experiencing physical violence with Madhesi Dalit women at 44 percent, Muslims at 38 percent and hill Brahmin at nine percent. By province, women's experience of physical violence varies from a low of 12 percent in Province 4 to a high of 34 percent in Province 2. The project includes subcomponent 1b namely, Last Mile Infrastructure (LM) subprojects and subcomponent 3, supporting Market and Export Promotion Infrastructure, which will fund small-scale infrastructure such as feeder roads, bridges, ropeways, irrigation schemes, etc. and four regional market/agricultural centers and municipal agriculture centers respectively. Additionally, the project will most likely construct buildings for offices, conference/function halls, and libraries, and install equipment and other facilities. As such, a flow of labor is expected in the project areas to support these constructions and installation. The labor influx is expected to induce negative impact on the host community and may also pose SEA/SH risks.

The project was assessed using the WB SEA/SH risk assessment tool and the risk assessed was 'low'. Although the assessed risk is low, potential SEA/SH risks incurred by labor and/or other project interventions cannot be precluded. Hence the project will take measures to prevent, mitigate and respond the risk related to SEA/SH through the implementation of SEA/SH plan (attached Annex 8) This SEA/SH action plan is prerequisite to laying out specific actions, with clear responsibilities and commitments to integrate SEA/SH prevention and response in all phases of the project. The purpose of this action plan is to identify risks, , key stakeholders, available service providers, preparing code of conduct as part of the bid document for laborers, and contractors and also for consultants and project staff, communication outreach and awareness

¹ Central Bureau of Statistics (CBS). 2011. Nepal Living Standard Survey 2010/11. Statistical Report, Volume II.

² World Bank. (2016). Nepal Household Risk and Vulnerability Survey (HRVS), Wave 1. Social Protection and Jobs Global Practice. Washington D.C.: World Bank Group.

³ <http://nwchelpine.gov.np>

creation and develop accountability mechanism on SEA/SH. SEA/SH Action Plan covering laborers, contractors, communities, project staff will be prepared and measures such as prevention procedures, campaigns, code of conduct, and redressal mechanisms implemented in accordance with the ESMF and relevant national laws. It will also focus on the action plan is applicable to Project implementing agency, including contractors, consultants, workers and cover Project's footprint and adjoining communities.

5.2.9 Risk on the Health and Safety of Project Communities

Risk of spread of diseases at the villages. Construction activities at the villages could result to the spread of infectious diseases among residents and workers such as HIV/AIDs. Workers who are not from the area may bring in diseases for which the locals are vulnerable. Conversely, workers who are not from the area may contract diseases for which he/she is vulnerable. Contractors can be required to undertake medical screening of their workers and employees and conduct awareness campaign through seminars and information materials regarding endemic diseases in the area and educate the workers on how to protect themselves. Contractors should be required to provide a set of appropriate Personal Protective Equipment (PPE) that includes, rubber boots, helmet, gloves, high visibility vest and mosquito nets, among others. MoALD may also coordinate with MoHP on their disease surveillance program especially in context of COVID-19

Conflict between workers and local communities. There is risk of conflict between contractors and local communities due to migrant worker's behavior or lack of sensitivity of local culture. In order to minimize this risk, the project could require contractors to undertake awareness briefing on local sensitivities and culture and traditions with their workers and employees.

Exposure of local communities to safety issues. Local communities will be exposed to construction hazards (e.g. vehicle, heavy equipment traffic and deep excavations). The project could require contractors to slow down in residential areas and school zones and to provide adequate barriers and warning signs on deep excavations and other dangerous areas.

5.2.10 Risk to Cultural Heritage

The construction of feeder roads, public buildings and PP facilities, if not carefully sited and designed could impact on cultural heritage sites, modifying them or rendering them inaccessible. There is also a possibility that excavations in the infrastructure subprojects will encounter artifacts and fossils with great archaeological and paleontological values. This could happen with the implementation of "last mile" infrastructure subprojects, particularly expansion of existing or opening of new roads and also on the construction of public buildings, if road alignments and sites are not carefully selected. The same could happen with PP facilities that would be funded by grants from the project. Although likely to be built on private properties that are acquired through voluntary transactions, their sites could contain ancient monuments or lie at the access to a certain cultural or religious structure or site. Moreover, there is also a small but significant possibility of encountering buried artifacts or objects of cultural or paleontological value during civil excavations associated with these infrastructure subprojects.

Also, the local communities in Nepal have diverse cultural values, traditions, beliefs, and knowledge. Often these are overlooked as these are not directly related to the risks and impacts to cultural heritage from project activities. The project level ESMP will set out measures to protect

not only tangible but also the intangible cultural heritage related to their traditional agriculture knowledge.

The project can screen subproject sites for presence of or proximity of cultural heritage sites and raise awareness among engineers conducting surveys of road alignment and sites of building about project's policy on cultural heritage. Chance find Procedures are provided in Annex 5 in case archaeological or paleontological sites, are encountered. A chance finds procedure for cultural heritage, consistent with the relevant national legislation and ESS 8, will be part of all contracts or activities involving any excavation, movement of earth or related changes in the physical environment under the Project. The procedure will be implemented as needed throughout the Project cycle.

Table 4. Types of project activities and their potential social and environmental impacts

Type of Activity	Potential Issues and Impacts
1. Crop production	• Income and employment generation for local people leading to cash income • Less out-migration • Enhance food security • Encroachment into forest lands contributing to forest depletion • Cultivation of hillsides leading to soil erosion and sedimentation and land degradation • Increase use of pesticides due to commercialization of production • Displacement of tenants • Child labor on the farm • Tenure and landownership issues • High value crops may have disproportionate impact on the poor and vulnerable groups - unfavorable labor practices with low wages, long hours, no benefits
2. Animal production	• Increase income from selling meat and milk • Use dung as manure and fur for textiles • Overgrazing of rangelands, leading to soil erosion and land degradation • Conflict in open-access grazing; • Waste management for piggery and poultry • Child labor • Increase women drudgery
3. Procurement, installation and operation of processing/manufacturing equipment and facilities	• Occupational health and safety • Child labor in processing • Safety of equipment • Waste management • Product safety • Hiring of low paid workers/women • Lack of involvement of women, IPs and other vulnerable groups in the development of business plans and access to grants • Inability to provide equity to women and vulnerable groups
4. Trading and marketing activities, including collection, sorting, aggregation, minor post-harvest treatment, packaging and transport of farm products	• Waste management • Food safety • Proper handling of chemicals • Child labor • Unequal wages to labors • Hiring of low paid workers/women

5. Construction of buildings (to house trading centers, PP offices and post-harvest facilities)	• Land acquisition/ownership • Occupational health and safety • Child labor during construction • Labor influx impact • SEA/SH due to labor influx • Safety, health noncompliance and poor working conditions • Income and employment generation for local people, especially poor and disadvantaged households • Pollution – air, water, noise
6. Construction and rehabilitation of feeder roads and bridges	• Deforestation • Landslide, erosion and sedimentation • Impacts on Protected areas and wildlife • Right-of-way acquisition leading to involuntary loss of asset and resettlement • Impact on the water resources flow and quality • Occupational health and safety • Labor influx issues during construction • Child labor • SEA/SH due to labor influx
7. Construction and operation of irrigation ponds and small-scale irrigation schemes	• Community health and safety • Site and right-of-way acquisition leading to involuntary asset loss and resettlement • Access road and construction routes • Ecological impact • Expansion of agricultural areas encroachment into the forest • Water use conflict
8. Construction and operation of ropeways	• Right-of-way/easement acquisition leading to involuntary asset loss and resettlement • Loss of vegetation at the stations and below the tracks, access road and construction routes • Occupational health and safety during construction • River sedimentation during construction • Safety during operation
9. Construction of Agriculture Products Collection Centers (APCCs), Agriculture Products Market Centers (APMCs) (provincial and local), cold storage and Sanitary and Phyto-Sanitary (SPS) facility	• Pollution-air, water, noise • Waste management • Safety, health noncompliance and poor working conditions Community health and safety • Child labor during construction • Labor influx impact • Increased income from agriculture products • Income and employment generation for local people leading to cash income • Workers exploitation (including sexual exploitation of female workers) • Low paid jobs for poor people • Skilled employment opportunities may not be available to local poor people
10. Access to finance by rural entrepreneurs	• Increased banking investment in SMEs creates new jobs. • Lack of information on financial services and banking products • Inability to access finance due to lack of collateral • Lack of capacity and knowledge on financing

6. NEPAL'S LEGAL AND INSTITUTIONAL FRAMEWORK FOR ES RISK MANAGEMENT AND CRITICAL GAPS VIS-À-VIS WORLD BANK ES STANDARDS

6.1 Nepal's EIA System

Nepal's Environmental and Social Impact Assessment (ESIA) system is mandated in Nepal's Environmental Protection Act (EPA) of 2019 and further articulated in the Environmental Protection Regulation (EPR) of 2020. The national acts, regulations and other standards that are relevant to ESS 2-8 and ESS 10 are described in Annex 9. The EPA 2019 requires the proponents to prepare a concise 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. 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 Concise 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 and EIAs, their approval and clearance procedures. The projects requiring concise environmental study, IEE and EIA are defined in Schedules 1, 2 and 3 of the EPR. IEEs are reviewed and approved by the concerned approving agency (i.e. concerned ministry (MoALD in this case) or the agency prescribed by provincial law or local law) while EIAs are reviewed and approved by the Ministry of Forest and Environment (MoFE) through MoALD or the agency prescribed by provincial law. Projects are implemented only after securing approvals of IEE or EIA from these authorities. Compliance monitoring during implementation falls with the concerned ministry for both Schedule 1 and Schedule 2 projects while MoFE and relevant provincial ministry has the authority to conduct post implementation environmental audit. The entire environmental assessment process is shown in the below (Table 5).

Table 5. Provisions for IEE in the agriculture sector

- Any proposals requiring clearance of national forest up to 5 ha in Terai and 1 ha in hills for agricultural purposes, - Construction activities involving the following: - Domestic fowls keeping with more than 30,000 - Big cattle numbering more than 1,000 - Small cattle (sheep and goats) numbering more than 5000 - Establishment of the agricultural wholesale market in more than 1 Ha of land in Metropolitan and sub-metropolitan areas of Terai and 0.5 ha in other areas - Construction of approved slaughterhouse - Storage and disposal of obsolete (date expired) pesticides - Production, formulation, storage, repackaging and disposal of inorganic fertilizers and inorganic pesticides - Establishment of blending industry of chemical fertilizer and chemical pesticides - Above mentioned proposals and those below the standards of such proposals as well as the proposals below the standards of those mentioned in - Schedule 2 of the EPR 1997 (see below) and those small scale development activities s and projects, programs and activities related to physical infrastructure works and land-use change which involve investment from NRs 5,00,00,000 (Five Crore) to 25,00,00,000 (Twenty Five Crore).
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Source: Ministry of Agriculture, 2008. IEE Manual for Agricultural Sector

The Environment Protection Rule 2020 has come into force by virtue of the power given by Section 44 of the Environment Protection Act. The rule has the provision for Initial Environmental Examination (IEE) and Environmental Impact Assessment (EIA) before establishing industry and developing physical infrastructure and any other works that may create environmental damage. A list of such industries and works requiring EIA and IEE are mentioned in the schedules. The government has the authority to prescribe pollution control standards for different industries. The methods and procedures for IEE and EIA are laid down in the rules. This rule has made IEE/EIA mandatory for the governmental as well as the private sector.

Following the EPA 2019 and EPR 2020, the MoALD or the agency prescribed by the relevant provincial law are responsible for approving the IEE reports in the agriculture sector while EIA reports will be approved by the Ministry of Forests and Environment (MoFE) or the agency prescribed by the relevant provincial law. MoALD has issued the Guidelines for IEE⁴ in the agricultural sector (Table 5). Figure 4 below shows the process of IEE approval as per MoALD's IEE guidelines and the actors/agencies involved in it. The proposer receives MoALD's approval through respective government agencies.

Table 6. The EIA Process in Nepal

Phase	Task	Agency Responsible
Screening	Consult EPR Schedules 1 2 and 3 and determine Project Category	Proponent
	Confirm Project Category	Concerned federal or provincial(ECOs) or local authority
Scoping and TOR Formulation	Public Consultation	Proponent and Project Community
	Prepare EIA Scoping Report and TOR	Proponent
	Review EIA Scoping Report and TOR and endorse to MoFE or Provincial Approving Agency together with opinions	Concerned Ministry (OPD MoALD) or Provincial Authority
	Approve the EIA TOR	MoFE - DoE - EIA Unit or Provincial Approving Agency
EIA Study and Report Preparation	Detailed Baseline Study Prediction of Impacts Analysis of Measures and Options Environmental Management Plan	Proponent
Public Review Disclosure of Report for Public Review	Posting of Notices	Proponent
	Public Hearing	Proponent
	Endorsement and Recommendations	Concerned Rural Municipalities/Municipalities

⁴ IEE Manual for Agricultural Sector (2008) developed by then Ministry of Agriculture provides the guidelines for IEE in agricultural sector are as per EPR 1997. The EPR 2020 has come into effect from June 2020 but the new guidelines has not been developed yet therefore the existing guideline will prevail

Review and Approval	Submission of EIA Report	Proponent
	Review of EIA Report and endorsement with opinions	Concerned Ministry (MoALD) or concerned provincial authority
	Constitution of EIA Review Committee	MoFE DoE - EIA Unit or Provincial Approving Agency
	Approval	MoFE or Provincial Approving Agency (Decision required in 35 days) after all the requirements of study are fulfilled
Implementation and Compliance Monitoring	Implementation of ESMP	Concerned Ministry (OPD, MoALD) or concerned provincial agency
	Compliance Monitoring	Concerned federal, provincial (ECOs) or local implementing agency
Operation	Post implementation Evaluation/Audit	Concerned federal and provincial agency

Categorization. The Nepal EIA system categorizes project into four assessment categories: those that would not require any assessment; –those that would require Concise Environmental Study only; those that would undergo only IEE; and those that would require EIA-. Schedule 1 of EPR provides the criteria and thresholds for the projects that are required to undergo Concise Environmental Study only. Schedule 2 of the EPR provides the criteria and thresholds for projects required only to undergo IEE. Schedule 3 of the EPR provides the criteria and thresholds for projects that are required to undergo EIA. For projects that cannot be ascertained if EIA is required during screening, an IEE will first be undertaken to determine whether a full EIA is warranted.

This categorization allows for some efficiency by requiring scope and levels of details that are proportional with the project risks relating to the types, scales and location of the project.

Scope of the Assessment. Formal scoping including stakeholder consultation is required only for EIAs. However, the TOR preparation is required for Concise Environmental Study, IEE and EIA. The ESA study (i.e., IEE and EIA) typically covers only the environmental and social issues that are captured in the TOR formulation. Although the key elements of the World Bank ES standards are covered by various national legislations (Table 7), the scoping does not necessarily cover all of them, or make a clear determination of whether they are applicable or not. The closest definition of scope one can get from the EPR are the Schedules 5 (content of scoping) and Schedules 6-12 (Contents of different ToRs and Concise Environmental Study, IEE and EIA reports).

Table 7. Relevant Country Legislations and Gaps vis-à-vis World Bank ESS

World Bank ESS	Relevant Nepal Laws, Regulations and Policy Issuances	Gaps vis-à-vis WB ESS
1. Assessment and Management of Environmental and Social Risks and Impacts	National Environmental Impact Assessment Guidelines (1993) Environment Protection Act (EPA) (2019) Environment Protection Regulation (EPR) (2020)	- No provision for associated 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
2. Labor and Working Conditions	Labor Act (2017) Child Labor Act (2001)	- Current OHS legislation is not adequate (No separate legislation on OHS. 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)
3. Resource Efficiency and Pollution Prevention and Management	EPA (2019). EPR (2020) National Ambient Air Quality Standards (2003) Nepal Vehicle Mass Emission Standard (2012), National Ambient Sound Quality Standard (2012), Standard on Emission of Smoke in Air by New and Existing Diesel Generator (2012), National Water Quality Standard (2008) Tolerance Limits for Industrial Effluents to be discharged into Inland Surface Waters (2003) The Solid Waste Management Act (2011) Solid Waste Management Rule (2013) 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.	- Lack of legislations on resource use efficiency in projects - Management of pesticides and hazardous waste is done as per country legislations and GIIP and EHS guidelines are not followed except for IFI funded projects.
4. Community Health and Safety	The EPA/EPR identifies the direct and indirect human health impact as one of the components in assessing the effect of development projects and emphasizes that 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.	- There is limited coverage as scope of ESIA's do not necessarily include community safety issues. - Public health legislations do not specifically impose requirements for development and infrastructure projects.
5. Land Acquisition, Restriction on Land Uses and Involuntary Resettlement	Public Road Act (1974) Land Acquisition Act (1977) Guthi Corporation Act (1976) Land Acquisition Guidelines (1989) Land Reform Act (1964) Land Revenue Act (1977)	- 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 - Leasing of land is not allowed for temporary easements. Compensation for any temporary use of land is limited to damage compensation.

World Bank ESS	Relevant Nepal Laws, Regulations and Policy Issuances	Gaps vis-à-vis WB ESS
6. Biodiversity Conservation and Sustainable Management of Living Natural Resources	Aquatic Animal Protection Act (1961) National Park and Wildlife Conservation Act (1973) National Park and Wildlife Conservation Regulations (1974), Soil and Watershed Conservation Act (1982), Himalayan National Park Regulation (1979) National Trust for Nature Conservation Act (1983), Forest Act (2019), ⁵ Forest Regulation (1995) Conservation Area Management Rules (1996), Buffer Zone Management Rules (1996) Plant Protection Act (2007)	- Natural habitats are not specifically required to be assessed in the EIA - Biodiversity assessment rely mainly on EIA and follows national legal instruments for defining scope and nature of assessment. Specific Biodiversity Impact Assessment of the impacts on natural habitats and biodiversity hot spots are not done and Biodiversity Management Plan is not prepared. - Assessment of potential introduction of alien invasive species and their control is not adequate. Most of the NEA EIA/IEE studies do not consider the invasive species issue as significant; and this might create serious biodiversity issues in the long run.
7. Indigenous Peoples	National Foundation for the Development of Indigenous Nationalities Act (2002) Local Self-Governance Act (1999) ILO Convention 169 (2007) Forest Act (1993) and Forest Regulation (1995)	- Does not require “Free and Prior Informed Consent” for projects in IP territories - Does not require focus social assessment on IP population - Does not require preparation of IP Plan
8. Cultural Heritage	EPA (2019) EPR (1997) Chapter 5 Ancient Monument Act (1956)	- Does not include intangible cultural heritage - 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
9. Financial Intermediaries	Not applicable. Projects undertaken through financial intermediaries are subject to the same processes and procedures as any other projects.	
10. Stakeholder Engagement and Information Disclosure	The EPR as amended requires consultations during scoping and a public hearing is required in all projects that require EIA but not for projects that require IEE.	- Does not require stakeholder analysis and preparation of stakeholder engagement plan. - Does not provide for continuous stakeholder engagement/consultations beyond EIA process during construction and operation phase

Nepal’s EIA system is well developed, having started as early as 1993 with the issuance of National Environmental Assessment Guidelines. The current system is governed by the EPA of 2019 which are articulated further in the EPR issued in 2020 by the Ministry of Forestry and Environment (MoFE). The system allows for categorization of projects based on risk factors particularly in terms of nature, scale and location of the project. It also requires reasonable level of public consultation and participation. The country system prescribes Concise Environmental Study/IEE/EIA as the acceptable form of assessment for projects, but other assessment instruments are also being used such as Strategic Environmental Assessment (SEA) for development policies and programs. The key gaps, as discussed above, include: (i) lack of provisions for associated projects, which makes the system vulnerable to splitting of projects into several low risks components; and, (ii) the scope of the assessment may not necessarily cover all the World Bank

⁵ The Forest Act 1993 has now been replaced by Forest Act 2019 but the regulations are not enacted yet and Forest Regulation 1995 is followed.

ES standards.

7. ES RISK MANAGEMENT CAPACITY AT THE MINISTRY OF AGRICULTURE AND LIVESTOCK

The MoALD is a new merger of the former Nepal's Ministry of Agriculture and Cooperatives and Ministry of Livestock Development (MoLD). Both agencies have had long experience implementing World Bank and other donor-funded projects. The former MoLD now Department of Livestock Services under MoALD has an ongoing World Bank-funded project called Nepal Livestock Sector Innovation Project (NSLIP) which was approved in 2017 while the former Ministry of Agriculture has the Food and Nutrition Enhancement Project (FANSEP, approved in 2018). Both agencies have EIA/IEE units established in compliance with EPA/EPR (1997) which approve IEE and review EIA for endorsement to MoFE of projects under their respective sectors. However, both agencies did not develop permanent units within their ministry to handle ES Risk Management of projects and both have traditionally approached the task through the ad hoc Project Management Units which are organized to manage the project. The typical institutional arrangement is to hire environmental and social experts at the central and field level project offices to provide technical support for the project management on matters of ES compliance.

8. ENVIRONMENTAL AND SOCIAL MANAGEMENT PROCEDURES

Based on the general assessment of the environmental and social impacts of the project above, this ESMF provides for general project-level measures, including design-related measures and approaches. Since the types and exact locations of the project interventions on ground are still unknown and hence cannot be assessed yet, this ESMF also provides for the processes, procedures and requirements for assessing and managing the risks and impacts of the various interventions/subprojects during the project implementation. For the purpose of this ESMF subprojects are understood to be either of the following:

- (a) A Productive Partnership subproject proposal which is part of its business plan which is being considered for funding with a grant.
- (b) Last Mile Infrastructure; and,
- (c) Market and Export Promotion Infrastructure.

8.1. Project Design-related Measures and Approaches

The following are design-related measures which have been adopted to avoid or minimize the project's ES risks:

(i) Close consultation with stakeholders during subproject planning and implementation. The development of the REED project design including the preparation of this ESMF has benefited from consultations with various stakeholders. The consultations so far conducted and the planned for future engagements are described in the Stakeholder Engagement Plan (SEP) which is prepared as a separate document in compliance with the World Bank ESS10. In order to keep the stakeholder informed and to get timely feedbacks from stakeholders, the OPD shall implement and continually update the SEP throughout the project lifecycle. There shall be two levels of consultations:

(a) Consultations during Economic Corridor-level planning. At the economic corridor/ province or district levels, the project should consult identified stakeholders, including the organizations that represent the AJs, Dalits, women and other vulnerable communities. The consultations are aimed at getting inputs from these sectors in terms of the identification E&S risks of productive partnerships in terms of areas with great economic potentials within the corridor as well as identification of potential last mile infrastructure and sites for Regional Market Centers. Potential productive partnerships could be developed among Dalits, Women, IDP groups, etc.

(b) Consultations at the Subproject-level planning. It is expected that there will be women, Dalits and other vulnerable groups in almost every village and hence in subproject sites. There will also be groups, cooperatives and NGOs representing women, Dalits and other vulnerable groups operating in project sites. The subproject proponent (subproject proposal development team) can seek the assistance of these groups to help mobilize representation of women, Dalit and other vulnerable groups into the subproject assessment and planning process. Otherwise, the subproject proposal development team must exert efforts to locate and engage with these groups to seek their inputs and participation. In the case of people potentially affected by any land or right-of-way acquisition, the purpose and manner of the consultation shall be in accordance with the RPF. Similarly, consultations with the IP groups shall be in accordance with the IPPF. The assessment (EIA, IEE, or CES) shall assess the impacts of the subprojects on the Dalits and other vulnerable groups.

(ii) *Setting up of subproject-specific and project-wide Grievance Redress Mechanisms (GRM).* The project shall set up a multi-tier grievance redress mechanism system that allows lodging and resolution of complaints at the lowest level of the project organization (i.e. for PPs at the partnership levels) before they are elevated to the higher tier. The GRM is described in detail in the Stakeholder Engagement Plan (SEP) which has been prepared as a separate instrument in compliance with the World Bank ESS10.

(iii) *Application of eligibility criteria for subprojects as part of the ES Screening.* The project activities (i.e. PP business plans, Last Mile Infrastructure or Market and Export Promotion Infrastructure) will be screened for certain eligibility criteria. The activity will be screened against national regulatory requirements as well as WB's ESSs. The following subprojects shall not be eligible for funding under the project:

- (a) PP subproject proposals which would involve large farms defined as farms greater than 3.0 hectares, except when they are participating as Lead Partner/Farmer/Entrepreneur of a group of smallholders;
- (b) Subprojects that would cause dislocation, modification, or restriction of access to cultural heritage sites, and other pose adverse impacts to cultural and heritage sites;
- (c) Subprojects that would encroach into the protection zone of declared protected areas of natural habitat;
- (d) PP subproject proposals that would involve involuntary resettlement and/or eminent domain land acquisition by government for use of PP. Public good subprojects (i.e. last mile or market promotion infrastructure) shall be subject to REEDs Resettlement Policy Framework.

- (e) PP subproject proposals that would result in the exclusion/restriction of certain groups who are traditional users, from accessing an otherwise open-access resource such as public forests, lake or rangelands;
- (f) PP subproject proposals that involve use of project funds for purchase of pesticide and agrochemicals.

(iv) *Climate resilience consideration in design of subprojects.* All subprojects shall consider in their design site-specific climate and disaster risk mitigation measures, using the 2011 Local Adaptation Plans for Actions Framework (LAPA).

(v) *Ensuring social inclusion in PPs receiving grants from the Project* - The project will require PPs that receive grants to adopt a policy of open membership in their partnerships and plans/programs for expansion of members and number of workers in their operations to help ensure social inclusion. During the development of productive partnerships, the ECO team should promote and prioritize gender/caste/ethnicity inclusive, multi-ethnic, multi-caste, and inclusive associations over exclusive, ethnically/socially homogenous groups. To be eligible for grants, the partnerships should be required to:

- (a) The PP organization shall adopt an open membership policy which means it cannot restrict membership to certain criteria other than basic qualification of trade (i.e. rice farmers, beekeeper, etc.). Partnerships that restrict memberships on the basis of family relations, clan membership, upper castes, ethnicity or religion shall not be supported, except for exclusive group of recognized IP and Dalits groups.
- (b) The PP organization shall adopt a program/plan for expansion of memberships and employees in their enterprise operations.

These policies shall be clearly reflected in the partnerships official policy documents and/or organizational charter documents.

8.2 Generic Environmental and Social Mitigation Measures

Table 8 provides a summary of the standard mitigation/management measures for each risk and potential impact identified in the assessment above. These mitigation measures , together with various forms, templates, and frameworks will serve as reference during the assessment and preparation of individual subproject ESMPs and associated E&S plans. For land acquisition and involuntary resettlement impacts, a separate Resettlement Policy Framework (RPF) has been prepared to guide for the preparation of individual subproject Resettlement Action Plans (RAP). A separate Indigenous People Policy Framework (IPPF) has likewise been prepared to guide subproject compliance with the World Bank standard for dealing with indigenous people. A Stakeholder Engagement Plan (SEP) has also been prepared separately to guide the continual process of stakeholder engagement throughout the life of the project.

Table 8. Generic Environmental and Social Mitigation Measures for Subprojects

Impacts/Risks/Issues	Mitigation Measures
Environmental and Social Assessments	

Impacts/Risks/Issues	Mitigation Measures
Impacts of subproject activities not properly assessed	All subprojects shall undergo some form of impact assessments with level of details and scope commensurate with the risks involved. This will be determined initially through the ES Screening which all subprojects shall be subjected to.
<i>Labor and Working Conditions</i>	
Hiring and/or involvement of children in the project activities	Require contractors to comply with Nepal Labor Act and ILO labor standards. This responsibility shall be reflected in the contractors' contract (See Annex 6)
Worker's exposed to unsafe working environment in constructions of roads and or construction and operation of project-funded facilities, including PP facilities	Require contractors to comply with the Nepal Labor Act and the industry OHS Standards. This responsibility shall be included in the contractor's contract. (See Annex 6).
Workers being denied of worker's rights.	Require contractors to comply with Nepal Labor Act and ILO labor standards. This responsibility shall be reflected in the contractors' contract (See Annex 6)
Possible occupational health and safety issues in the operation of PP facilities	- Include strict adoption of OHS Standards in the Operations and Maintenance Plans/Manuals of PP facilities. - Require simple manual of operations for all installed equipment or facilities and proper training of operators. These should be reflected in the PP's business plans and/or Subproject proposals.
<i>Possible SEA/SH due to labor influx in host communities</i>	Require contractors to comply with National Laws and ILO labor standards. This shall be reflected as code of conduct in contractors bidding documents (see Annex 8).
<i>Pollution Prevention</i>	
Generation of dust and noise during construction of subprojects	- Require contractors to restrict construction activities within daytime hours. - Require contractors to undertake dust suppression measures such as regular spraying of roads with water.
Possible sedimentation of waterways during construction of subprojects	- Prohibit dumping of boulders and soil materials in the river or along runoff channels. - Immediately stabilize exposed soils or loose embankments.
Potential erosion of slopes particularly road cuts and embankments as well as slope cuts on sites of buildings and facilities	Incorporate slope stabilization measures in the road or sites of building. Consult the MoPITs Department of Roads for appropriate bioengineering measures.
Possible generation of wastes during the operation of PP facilities	Include a waste management plan in the subproject proposal. Incorporate Waste Management Plan in the Operations and Maintenance Plans/Manuals of PP facilities.
Possible use of pesticides in the PP areas	- Screen out subprojects that intend to use project funds to purchase pesticides or agrochemicals - Prohibit use of banned pesticides - Conduct training on farmers on the safe handling and storage of pesticides. - During screening, if significant pest management issues are anticipated, prepare a Stand-alone Pest Management Plans (PMP). Otherwise, PMP will be included as part of the ESMPs - For subprojects requiring application of pesticides, identify Integrated Pest Management (IPM) techniques relevant for subprojects.
Increased soil erosion and sedimentation of waterways due to cultivation of the hillsides and slopes.	PP participants engaged in crop production in hilly lands shall be provided technical assistance to undertake soil conservation measures such as terracing, contour farming or agroforestry.
<i>Community Health and Safety</i>	
Spread of diseases among residents and workers such as HIV/AIDs during construction due to presence of non-resident laborers, triggering outbreak of epidemics.	- Require contractors to undertake medical screening of employees - Undertake an awareness campaign through seminars and info materials of endemic diseases in the area and educate workers of ways to protect themselves - Provide necessary protective equipment such as mosquito nets, rubber boots. - Coordinate with MoH for disease surveillance.
Exposure of local communities to safety issues due to construction activities (e.g. traffic accidents or a fall into deep excavations)	- Contractors to provide adequate barriers and warning signs on deep excavations and other dangerous areas. - Contractors to be required to slow down in residential areas and school zones.
Possible conflict between contractors and local communities due to migrant worker's behavior or lack of sensitivity of local culture.	Require contractors to undertake awareness briefing on local sensitivities and culture and traditions.
<i>Loss/Restriction of access to lands and other assets</i>	Land Acquisition and Involuntary Resettlement
	Prepare Resettlement Action Plan (RAP) in accordance with the Resettlement Policy Framework
<i>Biodiversity Conservation and Sustainable Management of Living Natural Resources</i>	Possible encroachment of agricultural activities and infrastructure into protected areas.
	Seek clearance/approval from the Protected Area Management for any activities inside the buffer zone.

Impacts/Risks/Issues	Mitigation Measures
	- Prohibit encroachment of PP production areas into strict protection zones of protected areas. Require PPs to adopt a policy of non-encroachment of individual farms into protected areas. - The potential risks and impacts on biodiversity or habitats due to construction activities will be mitigated by the project by developing good practice guidelines for such activities as part of ESMPs.
Conversion of smallholders' home gardens into or as part of the PP monocrop commercial farm, impacting on agrobiodiversity and family food and nutrition security.	- Require smallholder PP members to retain portions of landholdings for multi crop home gardens. - MoALD to provide support home gardens by providing extension support or linking them through FANSEP or other programs.
Deforestation: possible expansion of agricultural production into forestlands.	- Prohibit clearing of forestlands - The potential risks and impacts on vegetation will be mitigated by the project by developing good practice guidelines for such activities as part of ESMPs
Indigenous People	
Project fails to respect AJs rights and go ahead with the subproject without consulting them; Project activities not in accord with culture, tradition and needs of AJs; AJs unable to participate in subproject planning and share the benefits of the project	Conduct consultations with the IP group at the corridor levels and at the subproject levels to solicit their inputs to the corridor plans. Undertake free and prior informed consultation/consent, depending upon the nature and level of impacts to IPs. Prepare IPP in consultations with the IP community in accordance with the IP Policy Framework.
Dalits and other vulnerable sectors may be excluded from the project or unable to participate in the project planning and partake in its benefits	Conduct consultations with vulnerable groups, including Dalit representative organizations at the Economic Corridor levels to solicit their inputs on the corridor plans, associated E&S risk and mitigation measures. At the subproject level, Dalits and other vulnerable groups will be engaged and consulted regarding the impacts and possibility of them participating in the implementation of E&S mitigation activities in the subprojects.
PP Subprojects are captured by the local elites; many in the communities are excluded from the PP.	- Screen out grant recipient PPs in terms of social inclusion criteria such as: members shall be majority smallholders; PP should have open memberships written in their charters or organizational policies; membership of the PP shall not be exclusive to certain castes, clans or families; and shall be open to new members without any unreasonable requirements or barriers. - PPs should have a plan for expansion of memberships and/or increase hiring of employees/workers in their operations
Cultural Heritage	
Potential displacement of, loss access to, or damage to Cultural Heritage structure or site	Subprojects that would involve destruction of structures or sites that have cultural, historical or religions value to the community will be avoided.
Potential Chance Discovery of Artifacts and Objects of Paleontological and other scientific Value	Adopt the Chance Find Procedure (Annex 5)
Stakeholder Engagements	
Public perception of the project is unfavorable; Stakeholders are unable to participate in the planning and many are excluded from the project benefits.	Undertake stakeholder engagements in accordance with the Stakeholder Engagement Plan.

8.3 Institutional Arrangements for ES Risk Management

The implementing agency will be the Ministry of Agriculture and Livestock Development (MoALD). Implementation will take place in four economic corridors, which will encompass four provinces (Province 1, 2, 5 and Sudurpaschim). At the Federal Level, the Project implementation mechanism will comprise of Office of Project Director (OPD) based in Kathmandu, at the Provincial/Economic Corridor Level, Economic Corridor Office (ECO) and at the municipality level, a local level coordination committee will be established. The following are the units to be involved in the ES Risk Management of REED Project:

Agency/Unit	Roles in ES Risk Management
1. Office of the Project Director (OPD) - E&STeam	• Hear and decide on grievances that cannot be resolved by the ECO. • Reviews and approves all ESMPs. • Monitors and conduct periodic reviews of subproject's compliance to the ESMF
2. Economic Corridor Offices (ECO)	• Validate the ES screening • Guide, assist and ensure quality of Environmental and Social Assessment, ESMP, RAPs and IPPs of subprojects. • Monitor their implementation and submit consolidated reports to the OPD. • Hear and decide on grievances that cannot be resolved by the sub-project
3. Provincial Ministries of Agriculture	• Assist the ECO in the implementation of project in their respective provinces
4. Rural Municipalities	• Develop, with the assistance from ECO, proposals for last mile infrastructures
5. Sub-project proponent	• Ensure first round of ES screening for eligibility, regular monitoring • Work as the Level 1 of GRM. Hear and decide on grievances lodged on last mile infrastructure subprojects in its project area • Hear and decide on grievances that forwarded by the PP
6. PPs: Rural Entrepreneurs and their Partners	• With the assistance of the local TA firm hired by ECO, they will be responsible for the preparation and implementation of Environmental and Social Assessments, ESMPs, RAPs and IPPs if required for their subproject proposals; • Secures Environmental Clearance from MoALD or MoFE
8. MoALD - Environmental Unit and its provincial and local agencies	• Reviews and clears screening and scoping report of REED Subprojects • Reviews and approve ToR for Concise Environmental Study and IEEs • Reviews and approve Concise Environmental Study and IEEs • Reviews and endorse EIAs/ESIAs to approving agency
9. MoFE and its provincial agencies	• Review and approval of Screening/Scoping Report for ESIA • Review and approval of TOR for ESIA Review and approval of the ESIA

8.4 ES Risk and Impact Management Procedures for Subprojects

The management of ES Risks of REED's activities on the ground shall be done on a per Subproject basis. The following are the key steps in the process:

Step 1. Environmental and social screening The ESMF will ensure 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 will be first screened to help to determine the extent and depth of environmental and social due diligence required. The process of screening will identify the key aspects that may need to be further examined and managed.

Objectives of the environmental and social screening process are:

- i. To screen the eligibility of the sub-projects against the Criteria in Annex 1 A. Eligibility Criteria

- ii. To preliminarily assess/screen the environmental and social risks and impacts of the proposed activities, 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.

Every proposed sub project will be subjected to an environmental and social screening process before it is selected for implementation. The activity will be screened for national regulatory requirements as well as WB's ESSs. An environmental and social checklist will be developed and used during the screening (see Annex 1: Environmental and Social Screening Forms for REED Subprojects for an example).

The screening will be carried out at the sub project level by ECO. Since the sub projects will be implemented at the provincial and local level, clear guidance will be provided by OPD to ECO to ensure that screening takes place to categorize activities and that all concerned local stakeholders are consulted and involved in this.

The results of the screening form the basis for assigning the environmental and social risk category of Subprojects 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. Categorization of Subproject activity is essential for early understanding of the type, nature and scale of any impacts.

Category I Subprojects will not be supported by the REED Project. See Annex 1 A. Eligibility Criteria for exclusion list.

Category II Subprojects are those with substantial 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 Subprojects that are eligible for project support may require a Concise Environmental Study or Initial Environmental Examination (IEE) or Environmental Impact Assessment (EIA)/ESIA as per the National regulations and WB ESS. If E&S screening indicates physical as well as economic 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. Integrated Pest Management and Pest Management Plan. Stakeholder engagement activities will be required in all cases. The E&S documents for such Subprojects will be reviewed by the OPD 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.

Category III Subprojects are those for which there is a 'moderate risk of impact' which requires preparation of ESMPs to meet ESS requirements. A Concise Environmental Study for these Subprojects. A Subproject 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 Subprojects. Impacts will be limited to a specific site, will be reversible and mitigation measures will be known or can easily be designed.

Category IV Subprojects are those that have minimal or no adverse environmental and/or social impacts. For these Subprojects, further environmental and social assessment beyond initial screening is not required to meet ESS requirements. The screening report for a Category IV Subproject 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 OPD/ECOs).

In determining the environmental study requirements of the Subproject as per Nepal's legal requirements, the project proponent should refer to the EPR (2020) Schedules 2 and 3, and the relevant guidelines issued by MoFE. The Screening Form shall be validated by the ECO –E&S specialists on site.

Step 2. Preparation of the required Safeguard Instruments (IEE, ESIA or ESMP, RAP and IPP) - Once the Category is confirmed the proponent, ECO and OPD will prepare a TOR for carrying out the environmental and social assessment⁶. The ECO and OPD will make sure that the TOR covers, apart from national requirements, all the World Bank ESS 2-8 and ESS10 and considers the impacts and mitigation measures identified in this ESMF. The ToR will be approved by the concerned approving agencies as required by the EPR 2020. A consultant will then be hired to undertake the environmental and social assessment in accordance with the approved TOR.

If required, RAPs and IPPs shall be prepared simultaneously with the IEE/EIA or ESMP. The proponent may also hire a consultant to prepare the RAP and the IPPs. TORs for RAP shall be based on the requirements of the RPF while for IPP, the IPPF. Table 9 details the E&S assessment and plans for different categories

Table 9: Environmental and Social Assessments and Plans for Different Categories of Sub Projects

Category of Sub-Project	Environmental and Social Impact Assessment Required? (beyond initial screening) WB Requirement	Environmental and Social Impact Assessment Required? (beyond initial screening) National Requirement	ESMP required?	Comments
Category I	Not supported	Not supported	Not supported	Not supported
Category II	Yes ESIA	Yes, either IEE or EIA	Yes	May also require an IPP, RAP, ESMPs or other type of specialized management plan (depending on likely impacts).
Category III	No	ESMPs, Concise Environmental Study (IEE)	Yes	May also require a RAP, ESMPs and/or

⁶ For the projects that fall under Schedule 3 thresholds of EPR 2020 and require Environmental Impact Assessment, a scoping report need to be approved from the concerned agency prior to preparation of ToR for carrying out EIA study.

		may be required in some cases)		other Plans (depending on likely impacts).
Category IV	No	No .	Yes (brief version)	Use code of practice to mitigate adverse impacts during implementation.

Step 3. Approval of Subproject. All Subprojects shall be reviewed and approved by the OPD E&S Specialists. The OPD shall ensure that all the impacts identified in the ESMF had been assessed and adequately addressed in the subproject's ESMP. Category II subprojects however shall be submitted to the World Bank for review and issuance of "no objection."

Step 4. Implementation of the Mitigation Measures. During the procurement stage, the proponent may already start implementing the RAP, IPP and some of the measures in the ESMP.

Table 10. Stages in Subproject Development Cycle and E&S Activities and Requirements

Stage	Safeguard Activity	Required Document
Subproject Identification	ES Screening	ES Screening Form
	Category Confirmation	Screening/Scoping Report
	TOR preparation	TOR
Feasibility Study/Business Plan Preparation	E&S Instruments Preparation	ESIA/IEE/ESMP, RAP, IPP
Detailed Engineering		ESIA/IEE/ESMP, RAP (if any) or IPP (if any)
Review and Approval	Review and E&S Clearance	ESIA/IEE/ESMP, RAP, IPP
Procurement	Start ESMP, RAP, IPP Implementation	Compliance Monitoring Report
Implementation/Construction	Continue Implementation ESMP, RAP, IPP Compliance Monitoring	Compliance Monitoring Report
Completion and Operation	Continue ESMP Implementation Compliance Monitoring	Compliance Monitoring Report

8.5 ESMF Public Consultation and Disclosure

The virtual consultation on the draft ESMF of the REED project was organized by MoALD on July 16, 2020. Participants were well represented from provincial governments, local governments, Indigenous People, women's group, cooperatives/farmers' groups, and NGOs/INGOs working in the project areas. There were altogether 41 participants in the consultation from 27 different stations such as Taulihawa, Tansen and Sandhikarka. The brief consultation began with the MoALD highlighting the core project activities, potential E&S risks and proposed mitigation measures, consultations, information and grievance redressal mechanism and organizational set up to ensure effective implementation of the ESMF. Participants were asked to provide comments, concerns or feedback on the E&S risk findings and mitigation provisions in the ESMF. Discussions were geared mainly towards technical training to rural farmers, group livestock farming, promoting and supporting agro-based enterprises etc. Based on suggestions received during the consultation workshops, the ESMF has been updated. The executive summary of ESMF has been translated into Nepali language. The ESMF has been disclosed on MOALD and Bank's website on..... The details of the consultation are provided in the SEP.

8.6 Capacity Building Plan

1. *Staffing.* The project will hire the following experts full time throughout the implementation of the project:

At the OPD:

- Senior Specialist
- 1 Senior Environmental Specialist
- 1 Senior Social Specialist

At each ECO:

- 1 Environmental Specialist
- 1 Social Specialist

In addition, the ECO shall ask the Provincial Government to designate an E&S focal person at the Provincial Government's Ministries/Department of Agriculture. Similar request shall be made at the Municipal Government and at each Productive Partnership organization.

2. *Trainings.* The project shall provide the following training to the E&S Specialists and focal persons as well as key personnel in the OPD and ECO:

- 1 Familiarization Training for the ESMF, RPF and IPPF to be held at the start of the project implementation.
- 1 Familiarization Training on the World Bank ESF.
- 1 Training on the writing of TOR for the ESIA, RAP and IPP to be held during the first month of project implementation.
- 1 Training on Nepal Labor Act, focusing on worker's rights and Occupational Health and Safety Standards.
- 1 Training on slope stabilization bioengineering and farm soil conservation techniques.
- 1 Training on the project's Grievance Redress Mechanism.

In addition, the E&S specialists and selected focal persons shall have semi-annual coordination meetings in order to share experiences in the field and to discuss and find solutions to recurring issues and constraints in the implementation of the ESMP.

Considering the weak capacity at the three tiers of the government, institutional capacity and skill development program will be designed and rolled out to help strengthen the capacity of both federal and decentralized government agencies and strengthen enabling environment at decentralized level to support the development and upgrading of rural based value chains rural entrepreneurship. In the course of the skills development program, government institutions will be capacitated to identify and address climate-induced risks and challenges and measures to strengthen climate resilience along the agribusiness value chain, as well as strategies to enhance efficiency and resources use along the value chains (e.g. production input use efficiency, energy-efficiency). At the provincial and rural municipalities specialized demand based services trainings, capacity building for technical standards and quality assurance mechanisms for agriculture inputs,

services and outputs etc. will be delivered. The local governments will be supported to develop their capacity on agriculture sector planning, implementation, monitoring and reporting for effective implementation of periodic and sectoral plans.

8.7 Monitoring and Reporting Plan

Each Subproject Implementing Unit (subproject implementation team) will carry out the compliance monitoring and must submit ESMP compliance reports every month to the ECO. The ECO E&S Officers shall consolidate the report and submit a summary to the OPD every month. Regular monitoring reports on the environmental, social, health and safety (ESHS) performance of the Project and status of implementation of environmental and social mitigation measures, stakeholder engagement activities and functioning of the grievance mechanism(s) will be prepared and submitted to the Bank every quarter. Subproject ESMP compliance report Template is provided in Annex 3 while the ECO Consolidated Compliance Report Template is given in Annex 4.

8.7.1 Internal ESMF Monitoring and Reporting

The monitoring reports on the environmental, social, health and safety (ESHS) performance of the Project, including but not limited to the implementation of the ESCP, status of preparation and implementation of Environmental and Social documents required under the ESCP and/or ESMF, stakeholder engagement activities and functioning of the grievance mechanism(s) will be prepared and submitted to the World Bank quarterly by OPD. Internal monitoring/reporting for ESMF will be the responsibility of the Safeguard Units of ECO and OPD. Project activities planned at the economic corridor will be screened to assess their requirements for environmental and social standards monitoring before they are implemented. The safeguard specialists at ECO and OPD 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 environmental and social standards (ESSs) and ESMPs. These reports will be aggregated at the ECO and then submitted to the OPD for the preparation of required E&S reports. These reports will cover (for those activities that require application of environmental and social standards):

- List of consultations held (sites, dates, names or participants)
- Main points arising from consultations
- Description of mitigating actions/corrective actions (if required)
- Follow up monitoring visits will be required to ensure the effective implementation of any required mitigation measures and to assess whether the standards continue to be met.

8.7.2 External ESMF Monitoring and Reporting (Independent Audit)

External or third-party ESMF monitoring (independent audit) will be conducted twice during project implementation; at mid-term and during the final year of project implementation; to ensure that all E&S issues 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 OPD, external to the project, not a beneficiary nor part of the project management and implementation structure.

The 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 will be required by the Independent Auditors to determine the real situation and to check on the measures that have been applied.

The OPD will submit these ESMF monitoring reports to the World Bank. The reports will be disclosed in the GoN and World Bank webpages.

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 OPD 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.

8.7.3 Supervision by the World Bank

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.

8.8 Budget for implementing ESMF

The implementation of this ESMF including the associated frameworks and plans is estimated to cost is USD 3.23 million. Note that this does not include the cost incurred by local governments or PP organizations in complying with the requirements of this framework. The actual cost of mitigation, including the cost of implementation of RAPs and IP Plans shall be incorporated in the subproject costs.

Table 11. Cost Estimate for the Implementation of this ESMF

Cost Item	Assumptions	Estimate in USD million
Staff Recruitment	2 OPD Environment and Social Specialists for 4 years 8 Environment and Social Specialists at ECOs for 4 years	1.48
Training and capacity building for ESMF compliance and etc.	Trainings and Semi-Annual Coordination Meetings	0.06
Assessments and Preparation of Subprojects (ESMPs and ESIAs)	Lumpsum	1.5
Implementation of the RPF	See RPF (Does not include cost of the implementation of RAP which will be incorporated into the subproject cost)	
GRM		0.02

Implementation of the IPPF	See IPPF (Does not include the cost of IP Plan implementation which is factored into the subproject cost)	
Cost of ESMP mitigation measures	Incorporated into the Subprojects cost.	_____
Independent audit	2 times	0.06
Implementation of the SEP/stakeholder consultation	See SEP	0.01
Compliance Monitoring and Reporting	10 Site Inspections per year by ECO 10 Random Site Inspections per year by OPD @1000 per/inspection	0.1
Total		3.23

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ANNEXES

Annex 1. Environmental and Social Screening Forms for REED Subprojects

Nepal Rural Economic and Enterprise Development Project Environmental and Social Screening Form

Name of Subproject: _____

Type of Subproject (check) : ☐ PP Subproject ☐ Last Mile Infrastructure
☐ Market Promotion Infrastructure

Nature of Subproject:

☐ All weather Road
 ☐ Bridge
☐ Ropeway
 ☐ Building
☐ Market centers
 ☐ Small scale irrigation schemes
 Others (describe)

Location of Subproject:(Ward, Municipality, Province):

A. Eligibility Criteria

Criteria Question	Answer (Yes/No)
1. Does the Subproject contravene Nepal's obligations under its international agreements?	
2. Is the Subproject going to encroach into national parks of protected area, including their buffer zone?	
3. Is the Subproject going to displace, modify or restrict/block access to cultural heritage sites, historical monuments, religious structure and other sites considered sacred by the local community?	
4. Is the Subproject going to convert or degrade critical natural habitats?	
5. If the Subproject is a PP Subproject:	
Would involve large farmers (landholdings of more than 3.0 hectares)?	
Would involve acquisition of land by government?	
Would result in the exclusion/restriction of certain groups who are traditional users, from accessing an otherwise open-access resource which they have traditionally accessed such as public forests, lake or rangelands?	
Would involve use of project funds for purchase of pesticide and agrochemicals?	

Note: If the answer of at least one of the questions above is "Yes", then the subproject is NOT ELIGIBLE FOR FUNDING.

B. EPA/EPR Categorization

Please consult Schedule 1 ,2 and 3 of EPR (2020) or the latest MoFE Screening/Scoping Protocol relevant to the Subproject, if any. Attach the completed protocol to this ES Screening Form.

What is the Subproject's Category (Check)?	EA Process Requirements
_____ Schedule 3?	The subproject would be required to undertake the national regulatory requirements of the EIA process and approved by MoFE or concerned provincial authority prescribed by provincial law.
_____ Schedule 2?	The subproject would be required to undertake an IEE as per national requirements to be approved by appropriate agency (i.e., MoALD or its provincial or local agencies for agricultural project).
_____ Schedule 1?	The subproject would be required to prepare a Concise Environmental Study and to be approved by appropriate provincial or local government agency

C. Issues

Questions	(Yes/No)
<i>1. Labor and Working Conditions</i>	
1.1 Is the number of laborers to be hired more than 50 at the peak of the activity/construction?	
1.2 Would the subproject during operations phase involve operation of equipment/factory tools?	
<i>2. Pollution Prevention and Resource Efficiency</i>	
2.1 Would the subproject involve substantial amount of earth works or hauling of materials?	
2.2 Would the subproject when operational generate substantial amount of liquid waste?	
2.3 Would the subproject when operational generate substantial amount of air emission?	
2.4 Would the subproject when operational generate substantial amount of solid waste?	
2.5 Would the subproject involve use of pesticide during construction or during operations phase?	
<i>3. Community Health and Safety</i>	

3.1 Would the subproject likely involve hiring/bringing in more than 12 laborers from outside the community during construction?	
3.2 Are there endemic infectious or vector-borne diseases in the project community?	
4. Biodiversity and Sustainable Management of Living Natural Resources	
4.1 Would the subproject involve clearing up for right-of-way, or expansion of agricultural production into any forested area?	
4.2 Would the subproject involve draining or conversion of any wetland?	
4.3 Would the subproject involve cultivation of or grazing in steep slopes (i.e. lands with slopes greater than 18%)?	
5. Involuntary Resettlement and Restriction of Access	
5.1 Would the subproject require any acquisition of private lands by any government unit/body?	
5.2 Are there homes within proposed site or right-of-way of the subproject?	
5.3 Are there crops and privately-owned trees in the proposed subproject sites or rights-of-way?	
6. Indigenous People*	
6.1 Is there presence of indigenous people (as defined in the World Bank ESF*) within the direct influence area of the subproject?	Prepare IPP based on the IPPF.
6.2 Are there other ethnic minorities that have been marginalized from the mainstream in the project site?	
6.3 Are there vulnerable households or households with vulnerable persons within the beneficiary community?	
7. Cultural Heritage	
7.1 Is there a cultural heritage site/structure within or adjacent to the proposed subproject site or along the right-of-way?	
7.2 Would the subproject involve excavation and there is a high probability of encountering buried archaeological artifacts or objects paleontological value on the project site?	
8. Stakeholder Engagement and Disclosure	

*Indigenous Peoples refer exclusively to a distinct social and cultural group possessing the following characteristics in varying degrees:

1. Self-identification as members of a distinct indigenous social and cultural group and recognition of this identity by others; and
2. 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
3. Customary cultural, economic, social, or political institutions that are distinct or separate from those of the mainstream society or culture; and
4. A distinct language or dialect, often different from the official language or languages of the country or region in which they reside .

The term still applies even if the group has already lost, within the lifetime of the members, collective attachment to distinct habitats or ancestral territories in the project area due to forced severance, conflict, government resettlement programs, dispossession of their land, natural disasters, or incorporation of such territories into an urban area . The term also applies to forest dwellers, hunter-gatherers, pastoralists or other nomadic groups, subject to satisfaction of the criteria above .

D. Summary of Screening Results

1. Eligibility (Base on item A above, please check those that apply below).

_____ This Subproject is eligible for funding as per eligibility criteria.

_____ This Subproject cannot be considered for funding due to (Please describe the reason/s):

_____ This Subproject is deemed ineligible for funding but may be revised and resubmitted for re-Screening with a change/changes on the following (Please specify the required changes):

2. Subproject will need to prepare the following instruments (Please check the ones that are required based on the answers in item B and C above):

_____ ESIA/EIA	_____ Others please specify
_____ IEE	_____
_____ ESMP	
_____ RAP	
_____ IPP	
_____ LMP	
_____ Change Find Procedure	
_____ Grievance Redress Mechanism	

3. Scope of the assessments. Note that all subprojects must undergo some assessments (i.e. EIA/ESIA, IEE, Concise Environmental Study, and a Rapid Assessment as part of the ESMP. (Check the items that apply to the assessments. The assessments shall discuss/determine the significance of the risks regarding the checked items and if they are substantial, the ESMP must include a mitigation measure on that specific risk.)

_____ Labor and Working Conditions	
___ Occupational Health and Safety Risk	
___ Child Labor	
___ Use of chemical including pesticide	
_____ Pollution and Resource Efficiency	
___ Dust nuisance	
___ Noise nuisance	
___ Waterway sedimentation	
___ Generation of wastewater	
___ Solid waste	
___ Pesticide residue	
_____ Vulnerable households	
___ Presence of households below National poverty threshold	
___ Households with small children	
___ Households with PWD	

- ___Malnutrition rate indicator if available
- ___Impact displacement or conversion of HH's food gardens
- ___Community Health and Safety
 - ___Risk of spread of diseases (Prevalence of HIV/AIDs, Other endemic infectious or vector-borne diseases in the community).
 - ___Construction traffic and traffic routes
 - ___Exposure of residents to safety issues at construction sites
 - ___Risk of migrant workers clash with local community culture
- ___Biodiversity and Sustainable Management of Living Natural Resources
 - ___Encroachment to forests or declared forest areas
 - ___Encroachment to wetlands and other natural habitats
 - ___Introduction of alien/new species intentional or risk of in inadvertent
 - ___Introduction of new and invasive species of plants
 - ___Ecological (aquatic) impact of diversion of river water for irrigation
- ___Land Acquisition, Involuntary Resettlement and Restriction of Access
 - ___Acquisition of private lands/properties by a government entity
 - ___Displacement of homes
 - ___Displacement of trees and damage to crops
 - ___Temporary possession of private properties during construction
- ___Indigenous People
 - ___Presence of IP (as defined in WB ESS7)
- ___Cultural heritage
 - ___Displacement/modification/restriction of access to a cultural heritage site or structure
 - ___Possibility of change archaeological/paleontological finds
- ___Stakeholder Engagement and Disclosure
 - ___Stakeholder analysis
 - ___Stakeholder engagement plan and disclosure
- ___Subproject level Grievance Redress Mechanism

Prepared by: _____
 Screening Officer/Proponent ES Focal Person

Validated by: _____
 ECO Environmental Specialist

Annex 2. ESMP Template for Category III Subprojects

Environmental and Social Management Plan for Category III Subproject

[Note that this ESMP should be accomplished for Category III Subprojects. Category II and III Subprojects may use this as reference in preparing their respective ESMPs which may need to follow their agreed format with the MoFE and MoALD. The Screening Form should always be attached to this ESMP.]

Name of Subproject: _____

Address (Ward, Municipality, Province): _____

Economic Corridor: _____

Type of Subproject (PP, Last Mile, or Market Promotion Infra): _____

Nature of Subproject: _____

Subproject Proponent/Owner: _____

I. Project Information

A. Subproject Components and Scale

Component (Specify if: Building, Road, Canal, Dam, Ropeway, Farm, etc.)	Parameter (Specify if: Length, Width, Area, Capacity such as volume of production, etc.)	Unit of Measure (km, m, kg, tons, etc.)	Value
<i>Examples:</i>			
Building	Floor area	sqm	100
Impounding dam	Volume capacity	cubic meter	...
Canal	Length	km	
Access road	Length x Width	km x m	1 x 4

B. Subproject Location

Component (Specify if: Building, Road, Canal, Dam, Ropeway, Farm, etc.)	Describe the site (Salient features such as topography, presence of/proximity with waterbody/drainage, vegetation, existing structures, roads, settlements, other locational issues, ownership status of lot, etc.)
<i>Examples:</i>	<i>Example:</i>
Building	Flat, built up area along the highway.
Impounding dam	Small creek, etc.
Canal	
Access road	

II. ESMP Matrix

Impacts/Risks	Assessment (Check Yes or "Not Applicable" Briefly describe why.)	Management Measure (Identified Impacts/Risk must have mitigation measure)	Responsibility
Land Acquisition and Involuntary Resettlement	__Yes _Not Applicable [Briefly explain basis of the assessment]	Prepare Resettlement Action Plan (RAP) in accordance with the Resettlement Policy Framework (Annex 8)	
Presence of Indigenous People	__Yes _Not Applicable [Briefly explain basis of the assessment]	Undertake free and prior informed consultation/consent. Prepare with the IP community an IP Development Plan in accordance with the IP Policy Framework (Annex 9)	
Potential Chance Discovery of Artifacts and Objects of Paleontological and other scientific Value	__Yes _Not Applicable [Briefly explain basis of the assessment]	Adopt the Chance Find Procedure (Annex 5)	
Labor and Working Conditions			
Hiring and/or involvement of children in the project activities	__Yes _Not Applicable [Briefly explain basis of the assessment]	Adoption of Labor Management Plan (Annex 6)	
Worker's exposed to unsafe working environment in constructions of roads and or construction and operation of project-funded facilities, including PP facilities	__Yes _Not Applicable [Briefly explain basis of the assessment]	Comply with the Nepal Labor Act. Adoption of OHS Standards	
Workers being denied of employee rights.	__Yes _Not Applicable [Briefly explain basis of the assessment]	Comply with the Nepal Labor Act.	
Possible occupational health and safety issues in the operation of PP facilities	__Yes _Not Applicable [Briefly explain basis of the assessment]	Include strict adoption of OHS Standards in the Operations and Maintenance Plans/Manuals of PP facilities Require simple manual of operations for all installed equipment or facilities and proper training of operators.	
Pollution Prevention			
Generation of dust and noise during construction of subprojects	__Yes _Not Applicable [Briefly explain basis of the assessment]	Require contractors to restrict construction activities within daytime hours. Require contractors to undertake dust suppression measures such as	

Impacts/Risks	Assessment (Check Yes or "Not Applicable" Briefly describe why.)	Management Measure (Identified Impacts/Risk must have mitigation measure)	Responsibility
		regular spraying of roads with water.	
Possible sedimentation of waterways during construction of subprojects	☐ Yes ☐ Not Applicable [Briefly explain basis of the assessment]	Prohibit dumping of boulders and soil materials in the river or along runoff channels. Immediately stabilize exposed soils or loose embankments.	
Potential erosion of slopes particularly road cuts and embankments as well as slope cuts on sites of buildings and facilities	☐ Yes ☐ Not Applicable [Briefly explain basis of the assessment]	Incorporate slope stabilization measures in the road or sites of building. Consult the MoPIT's Department of Roads for appropriate bioengineering measures.	
Possible generation of wastes during the operation of PP facilities	☐ Yes ☐ Not Applicable [Briefly explain basis of the assessment]	Include a waste management plan in the subproject proposal. Incorporate Waste Management Plan in the Operations and Maintenance Plans/Manuals of PP facilities.	
Possible use of pesticides in the PP areas	☐ Yes ☐ Not Applicable [Briefly explain basis of the assessment]	Prohibit use of banned pesticides. Prohibit use of project's grant to purchase pesticide and agrochemicals (ES screening eligibility requirement). Conduct training on farmers on the safe handling and storage of pesticides.	
Increased soil erosion and sedimentation of waterways due to cultivation of the hillsides and slopes.	☐ Yes ☐ Not Applicable [Briefly explain basis of the assessment]	PP participants engaged in crop production in hilly lands shall be provided technical assistance to undertake soil conservation measures such as terracing, contour farming or agroforestry.	
Community health and safety			
Spread of diseases among residents and workers such as HIV/AIDs during construction due to presence of non-resident laborers, triggering outbreak of epidemics.	☐ Yes ☐ Not Applicable [Briefly explain basis of the assessment]	Require contractors to undertake medical screening of employees Undertake an awareness campaign through seminars and info materials of endemic diseases in the area and educate workers of ways to protect themselves Provide necessary protective equipment such as mosquito nets, rubber boots. Coordinate with MoH for disease surveillance.	
Possible conflict between contractors and local communities due to	☐ Yes ☐ Not Applicable [Briefly explain basis of the assessment]	Require contractors to undertake awareness briefing on local sensitivities and culture and traditions.	

Impacts/Risks	Assessment (Check Yes or "Not Applicable" Briefly describe why.)	Management Measure (Identified Impacts/Risk must have mitigation measure)	Responsibility
migrant worker's behavior or lack of sensitivity of local culture.			
Exposure of local communities to safety issues due to construction activities (e.g. traffic accidents or a fall into deep excavations)	☐ Yes ☐ Not Applicable [Briefly explain basis of the assessment]	Contractors to provide adequate barriers and warning signs on deep excavations and other dangerous areas. Contractors to be required to slow down in residential areas and school zones.	
Biodiversity Conservation and Sustainable Management of Living Natural Resources			
Possible encroachment of agricultural activities and infrastructure into protected areas.	☐ Yes ☐ Not Applicable [Briefly explain basis of the assessment]	Prohibit encroachment of PP production areas into strict protection zones of protected areas. Seek clearance/approval from the Protected Area Management for any activities inside the buffer zone.	
Conversion of smallholders' home gardens into or as part of the PP monocrop commercial farm, impacting on agrobiodiversity and family food and nutrition security.	☐ Yes ☐ Not Applicable [Briefly explain basis of the assessment]	Require smallholder PP members to retain portions of landholdings for multi crop home gardens. MoALD to provide support home gardens by providing extension support or linking them through FANSEP or other programs.	
Deforestation: possible expansion of agricultural production into forestlands.	☐ Yes ☐ Not Applicable [Briefly explain basis of the assessment]	Prohibit clearing of forests	
...	...	...	
...	...	...	
Other impacts....	☐ Yes ☐ Not Applicable [Briefly explain basis of the assessment]	...	

Annex 3. Subproject ESMP Compliance Report

Rural Economic and Enterprise Development Project Subproject ESMP Compliance Report

Reporting Period: _____
 Name of Subproject: _____
 Address (Ward, Municipality, Province): _____
 Economic Corridor: _____
 Type of Subproject (PP, Last Mile, or Market Promotion Infra): _____
 Nature of Subproject: _____
 Subproject Proponent/Owner: _____

Impacts/Risks	Management Measure	Status/Implementation Issue/Constraints
Land Acquisition and Involuntary Resettlement		
Presence of Indigenous People		
Potential Chance Discovery of Artifacts and Objects of Paleontological and other scientific Value		
Labor and Working Conditions		
Hiring and/or involvement of children in the project activities		
Worker's exposed to unsafe working environment in constructions of roads and or construction and operation of project-funded facilities, including PP facilities		
Workers being denied of employee rights.		
Possible occupational health and safety issues in the operation of PP facilities		
Pollution Prevention		
Generation of dust and noise during construction of subprojects		
Possible sedimentation of waterways during construction of subprojects		

Impacts/Risks	Management Measure	Status/Implementation Issue/Constraints
Potential erosion of slopes particularly road cuts and embankments as well as slope cuts on sites of buildings and facilities		
Possible generation of wastes during the operation of PP facilities		
Possible use of pesticides in the PP areas		
Increased soil erosion and sedimentation of waterways due to cultivation of the hillsides and slopes.		
<i>Community health and safety</i>		
Spread of diseases among residents and workers such as HIV/AIDs during construction due to presence of non-resident laborers, triggering outbreak of epidemics.		
Possible conflict between contractors and local communities due to migrant worker's behavior or lack of sensitivity of local culture.		
Exposure of local communities to safety issues due to construction activities (e.g. traffic accidents or a fall into deep excavations)		
<i>Biodiversity Conservation and Sustainable Management of Living Natural Resources</i>		
Possible encroachment of agricultural activities and infrastructure into protected areas.		
Conversion of smallholders' home gardens into or as part of the PP monocrop		

Impacts/Risks	Management Measure	Status/Implementation Issue/Constraints
commercial farm, impacting on agrobiodiversity and family food and nutrition security.		
Deforestation: possible expansion of agricultural production into forestlands.		
Other impacts....		

Annex 4. ECO Consolidated Subproject ESMP Compliance Report

Rural Economic and Enterprise Development Project ECO Consolidated Subproject ESMP Compliance Report (Use landscape orientation paper for more space)

Reporting Period: _____

Economic Corridor Office: _____

Subproject Name	Status (Preparation, Review, Procurement, Implementation)	Main Issues/Constraints	Agreed/Recommended Actions and Timeline for Addressing the Actions
1.			
2.			
3.			
4.			
5.			

Annex 5. Chance Find Procedure

Nepal Rural Economic and Enterprise Development (REED) Project Archaeological Chance Find Procedure

[This procedure must be posted in Subproject Construction Field Offices/Camps.]

CHANCE FINDS PROCEDURES

The ESF of the WB defines chance finds as any unanticipated discovery or recognition of cultural heritage. The incident of unexpected encounter of previously unknown cultural heritage, such as archaeologically, historically, culturally importance and/or materials or remains can happen during project activities, particularly during physical construction or operation. Change finds include the discovery of a single artifact, an artifact indicating the presence of a buried archaeological site, human remains, fossilized plant or animal remains or animal tracks, or a natural object or soil feature that appears to indicate the presence of archaeological material.

The main objectives of the chance find procedures are

- To protect chance finds from possible adverse impacts of project activities, and
- To support concerned agencies on investigation and preservation of the chance finds.

Procedures:

The project is committed to follow a set of specific procedures if previously unknown cultural heritage is encountered during physical investment activities as per the existing regulatory framework of Nepal and the requirements of the ESF. The procedures include:

- In case of discovery of chance finds, immediately halt all the construction activities, and delineate and fence the area to avoid further disturbances;
- Secure the site to prevent any damage or loss of removable objects. In cases if there are removable antiquities or sensitive remains, necessary security will be provided until such remains are taken up by the concerned government authorities;
- Take immediate steps to communicate with the Department of Archeology (DOA) about the chance finds and seek their involvement at earliest;
- Make sure that the DOA or other government authorities under it are responsible in charge of protecting and preserving the site before deciding on subsequent appropriate procedures.
- Responsible government authorities to take the decisions on how to handle the finding. This may include changes in the layout, conservation, preservation, restoration and salvage.
- Make sure an early survey and monitoring of other locations where the likelihoods of cultural heritage are high during ground-disturbing activities;
- Provide training to project personnel and project workers in chance find procedures; and,
- Make sure that construction works resume only after permission is acquired from the responsible authorities or the DOA

Responsibility of Monitoring and Reporting:

If case of any chance finds, the Social safeguard officers of the ECO shall immediately inform the chief of the ECO. The chief of the ECO is turn will inform the project director and the office of the Project Director (OPD) will officially communicate with the DOA and/or other responsible government agencies. The OPD will also inform the concerned officer of the WB about the chance finds.

Annex 6. Responsibility and Obligations of Contractors of REED Subprojects**Nepal Rural Economic and Enterprise Development Project****Checklist of ES Risk Management Obligations for Contractors of REED Subprojects**

[This checklist shall be reflected and/or made part of the contractor's contract]

The Contractor of REED Subproject shall be responsible for complying with the following:

1. The implementation of the management measures in the Subproject's Environmental and Social Management Plan (ESMP) for which the Contractor is identified as responsible.
2. Compliance with the Nepal Labor Act (2017) and ILO/International Labor Standards, giving special attention to the following:
 - (i) Compliance with Occupational Health and Safety (OHS) Regulations of the Department of Labor and Occupational Safety. The contractor should provide to its workers: (a) appropriate gears and personal protective equipment (PPE); (b) access to safe drinking water; and (c) toilet and washroom facilities at workers camp.
 - (ii) No hiring of minors below 14 years of age. Minors below 18 years old shall not be assigned to perform heavy or hazardous tasks or to work in hazardous areas. Minors should not be required to work beyond standard working hours.
 - (ii) No gender-based or caste-based discrimination in hiring of workers and in the provision of wages and benefits.
3. It shall be the responsibility of the Contractor to ensure that all its subcontractors including labor subcontractors comply with the Labor and OSH Standards. The Contractor shall be responsible for Health and Safety, and SEA/SH prevention and mitigation of all workers in the construction site, including workers hired through informal labor contracting (e.g. Naike system).
4. The Contractor should provide a Grievance Redress Mechanism which are accessible to all its workers on site. It should designate a Grievance Officer among his HR personnel to receive grievances from workers, and to relay the same to the concerned managers.
5. The Contractor shall brief its workers about local endemic diseases and how to avoid contracting them.

6. The Contractor shall adopt the following Code of Conduct for their workers.

Worker's Code of Conduct for REED Subprojects

A. Health and Safety at Work and Living Quarters

- (i) Wear prescribed Personal Protective Equipment (PPE) when required by Superiors or Safety Officers.
- (ii) Be aware of endemic diseases in the area and take the necessary precautions as provided by your Health and Safety Officer.
- (iii) Avoid wading through streams and pools of water if area is infested with Schistosomiasis.
- (iv) Use mosquito repellent lotion when working in Malaria infested area. Use mosquito nets when sleeping at night.
- (v) Avoid open defecation or urination. Use latrines or sanitary toilets when available at work site.
- (vi) Practice personal hygiene daily.
- (vii) Inform your employer of any personal health issues and conditions. Immediately inform your Health and Safety Officer when feeling sick.

Separate living quarters, toilets and facilities for male and female workers.

24-hour well-lit camp site, quarters, facilities.

B. Community Relations and Community Health and Safety

- (i) Slow down your vehicles in residential area. If you are not the one driving, remind your driver to do so.
- (ii) Respect the local culture: customs and traditions. Be aware of the local regional sensitivities.
- (iii) Respect women. Avoid making remarks or actions which could be misconstrued as sexual harassment and abuse. No catcalls. Lewd and lascivious remarks and behaviors towards women in the workplace or in the community are strictly prohibited.
- (iv) Do not engage in debate over religion or politics with any community member.
- (v) At work, do not discriminate any members of your team, including community-hired workers and volunteers. Treat everyone as equals.

vi) Any act of SEA/SH violation (with children, members of the community of the project area, inside and outside working area and during and after working hours) will result in the breach of contract and punishable by existing laws.

D. Sanctions

Anyone caught violating this Code of Conduct shall be subject to appropriate disciplinary actions.

Annex 7 List of Dalits in Nepal

Castes	Sub-castes	Surnames
HILL DALITS		
Kami	Kami Sonar Lohar Od Chunara Parki Tamata	Agri; Acharya; Afaldhoti; Od; Kasara; Kallohar; Kalikote; Kaliraj; Gadal; Gahatraj (Gahate); Kumarki; Kaini; Koli; Koirala; Khadkathoki; Khapangi; Khati; Gajamer; Gajurel; Gadilee; Giri; Gotame; Gawa; Jandkami; Tamata (Tamrakar); Niraula; Nepal; Panthi; Pokharel; Paudel; Paudeli; Barailee (Baral, Baralee); Sripali; Diyalee; Dudhraj; Bhushal; Bhool; Mahilipar; Rahapal; Rajilauhar; Sapkota; Sigaure; Sijapati; Setipar; Ramdam; Rijal; Lwagoon; Sonam; Hemchuyuri; Tiruwa; Ghatanee (Ghatne); Ghamal; Ghartee; Ghimire; Ghamchatla; Chunar; Chhistal; Thagunna; Thatara; Nagarkoti; Pallaya; Parajuli; Potel; Buchebhale; Banskota; Bhatta; Bhattarai; Mahar; Rasailee; Suchyuree; Sundhuwa; Setisuruwal; Setimahar; Sashankar (Sadshankar); Serela; Lamgade; Sob; Ruchal; Pahari; Padhyabati; Lamakarki
Sarki	Mijar Charmakar Bhool	Acchami; Uparkoti; Upreti; Kamar; Kisan; Koirala; Khatiwada; Giri; Gaire; Gairipipal; Gathe; Ghimire; Chand; Gotame; Chudal; Chuhan; Thagunna; Chhamarki; Thaurasya; Thadarai; Dale; Tolangi; Thak; Thapaliya; Thapa; Daulakoti; Dhaulakoti; Dabe; Dahal; Dulal; Dhamel; Dhamala; Dhanali; Payeli; Purkoti; Pulami; Paudel; Dasel; Bamarel; Bayelkoti; Bishunkhe; Bastakoti; Bogati; Bhagyal; Bheyel; Bhool; Bhurtel; Bhipal; Mangrati; Majakoti; Majaboti; Malbul; Malchok; Mudel; Ramtel; Ruchal; Raut; Roila; Roka; Lamjel; Lamsal; Sahi; Srimali; Siraute; Surkheti; Sanyel; Sanjawal; Hamal; Hitang
Damai/Dholi		
	Pariyar Suchikar Ngarachi Dholi Hudke	Adhikari; Asasaya; Aujee; Kanal (Kandel); Katuwal; Kakrki Dholee (Mudula; Sutar; Lama; Khulal); Kalakheti; Koirala; Khatiwada; Khati; Guide (Guindel); Gautam (Gotame [Siwa]); Ghale; Gurung; Cahar; Chuhan; Jairu; Thagunna; Thatal; Daude; Dhyakee; Tiwari; Triaktri; Thapa; Darnal; Das; Nagarchi; Negi; Nepal; Naubag; Chudal; Panta; Panchkoti; Pokharel; Bardewa; Bagchand; Bagdas;

		Baiju; Budhathoki; Budhaprithi; Bhandari; Bhattarai; Bhitrikoti; Bhusal; Magar; Mote; Mahara; Male; Rajabar; Ranapaili (Ranapal; Ranapaheli); Rana; Rai; Raingai; Raika; Ryainjhyain; Lapre; Lamghate; Luintel; Shildhar; Sunam; Sundas; Sunchauri; Sahi Samundri (Sai; Saisamundri; Samundrasai); Suji; Hingmang; Hudke; Aptarya; Ghalek; Bhedikar; Betuwa; Dharal; Retan; Bitalu; Nagarkoti; Yagne; Ghatani; Bhende Siba; Kekhure Siba; Sungure Siba; Damai Pariyar; Ratnapariyar; Achhame Pariyar; Chhinal Pariyar; Thak Pariyar; Nakadholi
Gaine	N/A	Adhikari; Kami; Kalakausik; Kala Paudel; Kalichan; Gosain; Jogi; Thakuri; Turki; Bahun; Budhathoki; Baika; Badhyakar; Bestha; Bista; Bogatai; Bhusal (Parbate); Maheswar; Biswakarma; Bishnupad; Raisamundra; Sursaman; Setaparbat; Setichan; Kookchin Rana
Badi	N/A	Khati; Rasailithapa; Rasaili; Lekali; Chhinal; Baral; Thakur; Rana; Kumal; Khadka; Jogi; Bote; Upadhyaya; Rijal; Singha; Shrestha; Paudel; Adhikari; Kami; Damai; Badsaha; Khan; Dhital; Niraula
MADHESI DALIT		
	N/A	Ram; Mochi; Harijan; Rabidas (Raidas); Chamara; Mahar; Mahara; Mehara; Raut; Bhagat; Das; Bajar; Bagh; Dhusiya; Daswatiya; Madhesiya; Chamar/ Harijan/ Ram
Musahar	N/A	Sada; Sadaya; Rishidev; Rishikul; Raut; Tirhutiya; Madhaiya; Kharpuria; Satnapuria; Kauchh; Gharmunta; Pachharu; Mudi; Macharu
	N/A	Paswan; Hajari; Hajara; Madhaiya (Magaiya); Kurmi; Kamhar; Paliwar; Kurna; Dar; Sarjaha (Surajiya); Panjiyar; Pakhir Daid; Suryabanshi; Dusadh/Paswan/Pasi
Tatma Khatbe	N/A	Mandal; Tirhutia; Badaha; Kyotar; Parasa; Pokharbhinda; Hasuliya; Newar; Nanaud; Bake
Dhobi (Rajak)	N/A	Kanujiya; Madhaiya; Belbar; Surjaha; Tamoli; Tirhitiya; Turtuk; Dhoiba; Baitha; Rajak; Pathik; Safi; Arya
Bantar (Sardar)	N/A	Rajdhani; Dhani; Sardar; Majhi; Raut; Bant
Chidimar	N/A	N/A
Dom	N/A	Kothita; Mkhaita; Talwar; Tawakait; Chachewar; Kolniyar; Sanparaya; Ghatait; Amleriya; Mahawaita; Balgachhiya; Kanoon; Bakhatiya; Modaliya; Jhojhawa; Chirniya; Bhalwait; Baisi; Baswar
Mestor/Halkhor	N/A	Jamadar; Raut; Sariswal; Turka; Amariya; Dahaiya (Darwe); Panpuri; Bakhariya; Mahar; Mestar; Halkho
Kuswadiya/Patharkatta	N/A	N/A
Kakahiya	N/A	N/A
Kalar	N/A	N/A

Khatik	N/A	Chandal; Barawa; Bhogariya; Bachara; Chaula; Khirahi; Tawada; Chamariya; Taki; Dayama; Bagadi
Pasi	N/A	N/A
Sarvanga/Sarbariya	N/A	N/A

Source: National Dalit Commission 2003

Note: Sarvanga/Sarbariya and Kalar are the same caste group. Kalar is a derogatory term. Therefore, they prefer to call themselves as Sarvanga/Sarbariya.

Annex 8 SEA/SH Action Plan

SEA/SH Prevention and Response Action Plan

Actions to Address SEA/SH Risks	Indicators	Timing for Action	Responsibilities	Ongoing Risk Management	Recent Update
Project Preparation					
Orientation to OPD, MoALD on GBV/SEA/SH and to prioritize SEA/SH on the project, and the mechanism that will be implemented		- Preparation - Implementation	Task team	Task team to monitor and provide additional guidance as necessary.	
Include the assessment of GBV as part of the social/gender assessment in project's Environmental and Social Impact Assessment (ESIA) - Conduct consultations and identify key SEA/SH risks in project areas and indicate the main measures agreed to with the PMU - Map out GBV prevention and response services in project area of influence <i>Reference to be made from the service mapping that already exists at the national level</i>	- SEA/SH risks highlighted and preliminary mitigation measures identified - Mapping completed of available, quality services in the project affected area	- Preparation - Implementation (before civil works commence)	- OPD, MoALD for social assessment and ESMP. - Contractor for C- ESMP. - Task Team for SEA/SH Risk Assessment Tool.	- Ongoing review during implementation support missions. - Update project ESMP and C-ESMP if risk situation changes.	
Stakeholder Engagement Plan (SEP) to include SEA/SH risks and options for response during: Orientation and consultation with the project affected communities. ⁷	- of awareness and consultations held - SEP includes SEA/SH risks and options	- Preparation - Implementation - Operation (throughout the project cycle)	- PMU - Task Team	- Monitoring of Implementation of Stakeholder Engagement Plan - Ongoing consultations particularly when C-ESMP is updated	
Mapping of GBV service providers for prevention and response in project area	Directory of organizations	- Preparation - Implementation - Procurement	OPD, MoALD, Gender specialist	Update mapping as appropriate	

⁷ This would include the community members, local leaders, youth groups, women groups, Dalit and Indigenous group government bodies- municipalities, rural municipalities, wards, police working on GBV, local GBV service providers. (A separate consultation with women group as they would most likely not speak in the presence of men.) Their feedback and suggestion will help in preparing better SEA/ prevention and response plan

• Field Consultation with the local stakeholders to assess and identify existing GBV service providers • Assess the capacity of the local service providers to provide survivor centric approach including a proper GBV case management system, linkage with the other GBV service providers • Linkage and coordination with the toll-free 24-hour helpline “Khabar-Garau 1145” and National GBV service directory⁸	• Quality assessment of service provider	• Operations		• Task Team guidance/support as necessary	
Develop SEA/SH Prevention and Response Action Plan	• SEA/SH Risk Mitigation Action plan included in the C- ESMP • Procurement for SEA/SH related activities and costs outlined in the contract	• Preparation • Implementation (before civil works commence) • Procurement	• Contractors • PMU, MoALD • C-ESMP • Technical support by Task Team	• SEA/SH Action Plan developed • Ongoing review during implementation	
Develop Codes of Conduct each for MoALD, contractors and labor in consultation with relevant stakeholders	• Contractors have their own CoC as well as a separate CoC for the subcontractor and workers employees •	• preparation	• PMU, social development specialist of the project • Contractors • Technical support by Task Team	Amend CoCs as necessary	
Review MoALD (including OPD ECO, ECTCC and all relevant staffs of the project) capacity to prevent and respond to SEA/SH as part of safeguard preparation.	• # trainings and orientation on SEA/SH to Client	• Preparation • Implementation	Task Team, OPD, Social Specialist of the project	• Ongoing review during implementation support missions. • Update project ESMP if risk situation changes.	

⁸ <https://nwchelpine.gov.np/service-mapping>

Project Implementation					
Establish and strengthen grievance redressal • Provide appropriate referral to complainants. • At project level, select one women member as first point of contact for SEA/SH survivors and provide appropriate training to them. • Implement stakeholder engagement plan and conduct community awareness raising mitigation measures – e.g. Codes of Conduct, GRM, how to report and provide multiple entry-points • Proper documentation is maintained for complaint registration and management	• No. of personnel associated with GRM trained • No. of service providers informed about and linked with GRM • No. of SEA/SH cases reported to GRM • No of SEA/SH cases outcome/ results	Implementation	• PMU • Gender Specialist of the project	• Ongoing monitoring reporting	
Review C-ESMP to verify that appropriate mitigation actions are included.	• C-ESMP reviewed	• Implementation	• PMU	• Review by PMU • Review by Task Team	
Conduct induction program for the understanding and signing of the Codes of Conduct • Ensure requirements in CoCs are clearly understood by those signing. • Have CoCs signed by all those with a physical presence at the project site. • Train project-related staff on the behavior obligations under the CoCs. • Disseminate CoCs (in brochure and leaflet forms) and discuss with employees and surrounding communities.	• No. of workers and staff trained on code of conduct • No. of CoCs signed	• Initiated prior to contractor mobilization and continued during implementation.	• ECO • Contractors • Social Specialist of the project	reporting of workers understanding, signing and training on CoCs	
Orientation and training on GBV/SEA/SH to subcontractors and their employees	• no of trainings on SEA/SH • no of trained staff in SEA/SH	Implementation.	• Contractors • Social Specialist of the project	• Ongoing reporting by ECOs, gender specialist • Linkage with the GRM to understand the overall SEA/SH situation based on	

				type and number of cases filed and to amend CoC as necessary.	
Implement appropriate project-level activities to reduce SEA/SH risks prior to civil works commencing - Have separate, safe and easily accessible facilities for women and men working on the site. - Locker rooms and/or latrines should be located in separate areas, well-lit and locking from inside. - Visibly display signs around the project site (if applicable) that signal to workers and the community that the project site is an area where GBV/SEA/SH is prohibited. - As appropriate, public spaces around the project grounds should be well-lit.	Documentation of measures taken to reduce SEA/SH risks.	Implementation	OPD, Social Specialist of the project		
Report in the quarterly progress report and review during ISR missions.	Successful implementation of agreed SEA/SH Action Plan (Y/N)	Implementation	OPD Social Specialist	Ongoing reporting	
Procurement					
Clearly define the requirement of SEA/SH action plan and CoCs in the contractors bid documents.		Procurement	OPD, MoALD	Review by task team	
Clearly itemize incurring costs for SEA/SH activities in procurement documents including contingency fund for undefined or comprehensive activities		Procurement	OPD, MoALD	Review by task team	
Clearly explain and define the requirements of the bidders' CoC to bidders before submission of the bids		Procurement.	PMU, MoALD	Review by task team	

Annex 9: Nepal's Country Standards Relevant to ESS 2-8 and 10

1. Laws on Labor and Working Conditions

The Labor Act (2017) has provisions against unfair labor practices such as: (i) contractualization (i.e., workers or employees engaged in any contract work of a permanent nature in any enterprise must also be made permanent); (ii) denial of benefits; (iii) exploitation of children; and, (iv) non-provision of safety gears and equipment. The law also includes provisions on standard working hours, overtime pay, physical infrastructural setup, housing, provident fund, and, yearly medical examination, among other benefits. Freedom of association and collective bargaining (Section 116) are also guaranteed rights as well as minimum wage (Section 106). Meanwhile, the Child Labor Act of 2001 prohibits employment of any child below the age of 14 while children below 16 are prohibited to work in hazardous work environment such as in public transportation and construction related works. Legislations on occupational health and safety in Nepal are currently inadequate. The mandate for OHS is provided only in Chapter 12 of the Labor Act (2017). There are currently no specific implementing rules and regulations issued pursuant to the Labor Act which give clear and enforceable mandates to relevant government agencies. Works on the OHS remains more on the advocacy, promotion and awareness side rather than rules formulation and enforcement.

2. Laws on Resource Efficiency and Pollution Prevention and Management

The EPA/EPR provides for the prevention and control of pollution, prohibiting emission and discharge of pollutants that are harmful to human health and requiring registrations/permits of operations that emit pollutants. The law also provides for the appointment and powers of Environmental Inspectors to enforce the law. The Motor Vehicle and Transport Management Act (1993) and Nepal Vehicle Mass Emission Standard (2012) which prescribes standards for vehicles emissions and fuel. The Solid Waste Management Act (2011) provides for the management of the solid waste in a systematic and effective way by reducing at its source, re-use of materials, recycling and discharge. There is a National Ambient Air Quality Standards (NAAQS) which was passed in 2003. The Water Resource Act (1992) is a comprehensive law on the development, use and conservation of water resources in Nepal. It requires the conduct of IEE& before granting license to use water resources for any purpose. The law also requires compliance to quality standards in making use of water resources and prohibits the pollution of water resources. Under the Act are two regulations for drinking water purposes: (i) Water Resources Regulation, 1993, setting out the implementation procedures for the Act; and (ii) the Drinking Water Regulation, 1998, which specifies compliance with the drinking water quality standards and control of water pollution as it affects drinking water. Two guidelines have been issued: the Nepal Water Quality Guidelines for the Protection of Aquatic Ecosystem and Nepal's Drinking Water Quality Standards. There also nine (9) individual industry's effluent standards, and one generic (1) standard. The key gaps include: lack of legislation on resource use efficiency. In September 2018, the GoN approved National Energy Efficiency Strategy. However, there is currently no law which compels or encourages by way of incentives, project proponents to implement measures for energy or water consumption efficiency.

3. Laws Pertaining to Community Health and Safety in Development Projects

The EPA/EPR (1997) provides for the coverage of direct and indirect impact of projects to human health (EPA Section 7 and EPR Schedule 5—See Box 2 below). The inclusion of health statistics and profile of the population in the baseline characterization of the project areas has been standard practice in every EIA. Other related legislations include: the Explosive Material Act (1961) which regulates the use and handling of explosive materials and requires license for any procurement, storage, use and transport of explosives including for construction purposes. However, the law does not specifically require the assessment and mitigation of physical safety of project communities.

4. Laws on Land Acquisition

The Land Acquisition Act of 1977 is key legislation applicable to the acquisition of land and other physical assets law of Nepal. The Act guides the compulsory acquisition of land in the country and enables the Government to acquire land for public purposes and provides for fair and just compensation to private landowners. The Land Acquisition Guidelines (1989) together with the guidelines pursuant to Sections 16 and 17 of the Land Acquisition Act provide a detailed process for the acquisition of land for use in government projects which has most of the elements of ESS5, including provisions for the compensation of losses of assets and grievance redress. The laws and guidelines have the following features: (i) assessment of the impacted assets and businesses (ii) valuation of land and asset lost based on market values and (iii) compensation for temporary use of lands by the project which is limited to damage of assets only.

The main gaps of the Nepal land acquisition acts, regulations and policies process vis-à-vis World Bank ESS5 is that Nepal's the former does not mandate the preparation of a land acquisition and compensation plan specific to the affected area such as the RAP. It does not allow for consultations with PAPs, in consideration of compensation and arrangements which may be reached during consultations and negotiations with project affected people. Another critical gap is the lack of provision for resettlement as a preferred mode of compensation whenever the affected family or persons lose their homes or lose a significant portion of their source of livelihoods or would be uprooted from their traditional homeland (in the case of large infrastructure projects).), such as land-for-land and replacement homes Other gaps include the following:

- National law makes provision for compensation to the titled landholder only and, by default, omits all other PAP, including non-registered tenant farmers, landless farmers, squatters, agricultural laborers, shopkeepers, artisan groups and *Dalits*. There are also no provisions to protect the interests of vulnerable groups.
- National law does not make any provision for encroachers or squatters regarding to the entitlement for compensation, nor rehabilitation assistance
- When the GoN requires assets, national law does not specify about the provision of mandatory replacement cost. Further, valuation of lost assets considers depreciation and hence not at replacement cost. Land Acquisition Act, 1977 does not emphasize transparency and stakeholder participation for various decisions that directly affect the long- term wellbeing of PAPs.
- Leasing of land is not allowed for temporary easements.

5. Nepal Laws on Biodiversity Conservation

Aquatic Animals Protection Act (1961), National Parks and Wildlife Conservation Act (1973), Soil and Watershed Conservation Act (1982), National Trust for Nature Conservation Act (1983), Forest Act (2019/1993), and Plant Protection Act (2007) that are further elaborated through relevant rules/regulations are the key legislations for the biodiversity conservation and management of natural resources in Nepal. Apart from these, there are specific guidelines and policies especially for carrying out development activities in the protected areas and national forests.

The Aquatic Animals Protection Act (1961) is one of Nepal's oldest piece of legislation, which recognizes the value of wetlands and aquatic animals. The Act provides legislative protection for the habitats of aquatic species. The National Park and wildlife Conservation Act (1973) supported by National Park and Wildlife Conservation Regulations (1974), Himalayan National Park Regulation (1979), Conservation Area Management Rules (1996), and Buffer Zone Management Rules (1996) provides the legal basis for the management of Protected Areas and protection of biodiversity. It prohibits entry into, and the undertaking of a range of development and other activities inside the national parks without permission or prior approval of the concerned authority.

Soil and Watershed Conservation Act (1982) was enacted as an expedient to make legal provisions on the land and watershed conservation by controlling natural calamities such as flood, landslide and soil erosion and maintain convenience and economic interests of the general public. The Forest Act elaborated by Forest Regulations emphasizes the protection and conservation of the forest resources and prohibits any activities within the forest area without prior approval of the forest authorities. It empowers the government to permit 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.

Related to these laws are policy issuances: The Forest Policy (2015) reemphasizes avoidance of forest destruction or tree cutting while constructing infrastructures during implementation of project other than for forest sector. The policy has prioritized the protection of Siwalik, the geologically vulnerable area, with a view to ensure watershed conservation, and maintenance of water recharge. The policy also stresses conservation of endangered species. It has reiterated that forest area will not be used for any activities other than prescribed in Operational Forest Management Plan. The forest policy emphasizes the implementation of community and private forestry development programs, national parks and conservation areas management programs, soil and watershed conservation program, management and development of medicinal plants, and conservation of biological diversity. These laws basically require project proposals to be cleared by the concerned competent authorities. In the case of roads, the forest authorities will give consent to the cutting of trees along the road alignments, and, obliges the proponent to conserve the legally protected species of plants and animals. If the road pass through the protected areas (National Park, Wildlife Reserve, Conservation Area, Hunting Reserve or strict nature reserve or declared watershed area), the National such would have to be cleared by the authorities as well.

The critical gaps vis-à-vis ESS6 is that Nepal's EIA system rely mainly on government

declarations of protected areas, land classifications and the decision of authorities. It does not specifically require assessment of the impacts on natural habitats and biodiversity and, where impacts are found to be potentially significant, require the preparation of Biodiversity Management Plan.

6. Nepal Laws on Indigenous People

The Local Government Operation Act, 2017 prescribes municipalities for the promotion, preservation, and protection of language, religion, culture of indigenous people and their welfare in the municipal area. The Act prescribes municipalities to formulate and implement periodical and annual plans within their own jurisdiction. Periodic plans integrate different thematic plans according to social, economic, environment, physical, financial, and institutional aspects. In 2002, the Nepal Parliament passed a bill for the establishment of an autonomous foundation named “National Foundation for Upliftment/Development of Indigenous Nationalities (NFDIN),” which came into existence in 2003. The NFDIN Act 2002 established the first comprehensive policy and institutional framework pertaining to Adivasis/Janajatis. The act defines indigenous groups or Adivasi Janajati in Nepali 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. Nepal is also signatory to the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) 2007 and party to the International Labor Organization (ILO) Convention (169) of 1989. The ILO Convention no. 169 is the most comprehensive and 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. Articles 1 to 4 of the UNDRIP 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. The Convention on the Elimination of All Forms of Racial Discrimination (ICERD) to which Nepal is party to also recognize IPs’ right to self-determination, meaning their free will to decide on development activities. Article 1 of the International Covenant on Civil and Political Rights, 1966 (ICCPR) which mentions the right to self-determination and Article 27 of the same instrument which provides rights to the people belonging to ethnic, religious and linguistic minorities, the right to enjoy their own culture, to profess and practice their own religion, or to use their own language are also relevant while discussing rights of indigenous people. Article 1 of the International Covenant on Economic, Social and Cultural Rights (ICESCR) also mentions the right to self-determination. Nepal is party to both these two covenants.

7. Laws against caste-based discrimination

The Constitution of Nepal (2015) provides the right to equality to all citizen and made specific mentions of the Dalits. Specifically, Article 18 (Right to Equality) strongly asserts that all citizen shall be equal before the law and that no discrimination shall be made in the application of general laws on grounds of caste, or on grounds of many others specific social, demographic and cultural groupings and categorizations. It also clearly provides that while the strong mandate for non-

discrimination applies also to the State in its treatment of the citizens, it should not prevent the State from making special provisions by law for the protection, empowerment or development of the certain citizen groups such as the Dalit and including the socially or culturally oppressed women, indigenous people, persons with disabilities, and other oppressed groups. Moreover, Article 255 of the Constitution provides for the establishment of a National Dalit Commission, and the National Inclusion Commission⁹.

There have been a number of legislations against discrimination among people on the basis of caste. The Caste Based Discrimination and Untouchability (Offence and Punishment) Act, 2011 (first amendment, 2017) is the specific Act. The Legal Aid Act, 1997 and Local Government Operation Act, 2017 are also relevant while discussing the rights of *Dalit* people.

In 2011, the Caste Based Discrimination and Untouchability (Offence and Punishment) Act, 2011 which criminalizes caste-based discrimination was passed. The Act got its first amendment in 2017. This law prescribes that ‘every person has the right against untouchability and discrimination.’¹⁰ The first amendment of the Act provided everyone the rights to¹¹ : (i) equal treatment from the court and other judicial bodies; (ii) equal protection in services and facilities provided by government; (iii) equal access to public services; (iv) make movement and reside within and outside Nepal; (v) equal participation in cultural activities; (vi) marry and choose spouse; (vii) peaceful assembly and association; (viii) select employment and to work; (ix) equal salary for an equal work; (x) equal access to public places; (xi) get prompt judicial remedies and appropriate compensation against untouchability and discrimination.

More importantly the Act specifies the prohibited acts and provides for punishments for violations. The list of prohibited acts is very comprehensive and includes the acts of preventing, controlling, depriving anyone on the ground of custom, tradition, religion, culture, rituals, origin, caste, race, descent, community, occupation or business or physical condition, from: (a) participating in or organizing a public place activity/occasion; (b) using or enjoying public services; (c) organizing public event; (d) carrying on a profession or a business; (e) performing any religious act; (f) producing selling or distributing any goods, services or facilities. The following is also prohibited: (i) producing, selling or distributing any goods, services or facilities only to the person belonging to a particular caste or race; (ii) excluding any member of family or preventing him or her from entering into the house or evicting him or her from the house or village; (iii) preventing a person from getting inter-caste marriage; (iv) denoting hierarchical supremacy of any person or community; and, (v) denying, or causing to be denied, anyone to provide employment; (vi) discriminating workers in terms of remuneration.

The Legal Aid Act 1997 seeks to apply the principle of equal justice for the socially and economically underprivileged and other disadvantaged groups such as *Dalits*, women and ethnic groups by providing necessary legal aid for these people.

⁹ Constitution of Nepal (2015), Article 258.

¹⁰ Caste-based Discrimination and Untouchability Act, 2011, Section 3(1)

¹¹ *Ibid.* Sec. 3(2a).

Local Governmental Operations Act, 2017) aims to institutionalize the process of development through wider participation, including that of the Dalit communities. It requires local bodies to undertake activities for the benefit of women, less developed communities and groups.

8. Management of Impacts on Cultural Heritage

The EPA/EPR provides that Protection of National Heritage and mandates concerned agencies to prepare and maintain an inventory of objects or places listed in the World Heritage list available within Nepal which shall be protected by prohibiting activities that will remove, alter or take any action which may cause any damage to any object, site, plant, animal etc., among others. The Act also provides for the declaration as an Environmental Protection Area, an area containing natural heritage or aesthetic, rare wildlife, biological diversity, plant, and places of historical and cultural importance. Meanwhile, the Ancient Monument Protection Act of 1956 provides for the protection and conservation of the ancient monuments, temples, arts, paintings, etc. of age older than 100 years. The Act empowers the government to declare any such artifacts, temples, etc. under protection category by giving public notification. The act stipulates that any such artifacts, temples etc. declared under protection lists should not be disturbed or removed from their places without the consent of the government. Nepal is also a signatory to the Convention: Convention for the Protection of the World Cultural and Natural Heritage which came into force in 1978.

9. Stakeholder Engagements in Development Projects

The EPA/EPR provides for the involvement of the project communities in the IEE and EIA preparation and approval process. For projects requiring EIA, public involvement is sought during scoping phase through a public notice requesting written suggestions concerning possible impacts. The comments and suggestions received will then be used to determine the scope of the EIA study. Then during the preparation of the EIA a public hearing is conducted where comments and suggestions are considered in the approval of the EIA. In the case of projects requiring IEE, the proponent shall affix a notice in the concerned Rural Municipality or Municipality, Office of the District Coordination Committee, school, hospital and health post, requesting for their written opinion and suggestions which shall be included in the IEE report. A public hearing is not required for projects requiring IEE.

The key difference between the country system and the World Bank ESS10 is that the country system specifies a timing/period and manner for stakeholder engagements while the World Bank ESS10 requires an inclusive process of consultation and engagement conducted throughout the project lifecycle, commencing such engagement as early as possible in the project development process and in a timeframe that enables meaningful consultation with stakeholders on project design. Under ESS10, a stakeholder engagement plan (SEP) needs to be developed and implemented, proportionate to the nature and scale of the project and its potential risks. The SEP includes a stakeholder identification and analysis, a plan for carrying out engagement, and incorporates a grievance redress mechanisms (GRM) to respond to grievances of project-affected parties. The public engagement laws, regulations and policies under the country system do not require stakeholder analysis and preparation of a stakeholder engagement plan, nor does it require or provide for consultations/engagement beyond the EIA process, for example, through construction and operation phases.