

**Draft for Consultation and Feedback**  
**Environmental and Social Management Framework**  
**(ESMF)**

Accelerating Inclusive Jobs Growth for Youth in Nepal

**Ministry of Labor, Employment and Social Security**

Government of Nepal

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## Abbreviations and Acronyms

AGEI	Adolescent Girls Employment Initiative
BPC	Business Plan Competition
CBOs	Community Based Organizations
CSOs	Civil Society Organizations
EIA	Environment Impact Assessment
EMIS	Employment Management Information System
EMP	Environment Management Plan
ESIA	Environment and Social Impact Assessment
ESCs	Employment Service Centers
ESMF	Environment and Social Management Framework
ESMP	Environment and Social Management Plan
FPIC	Free Prior Informed Consent
GBV	Gender-based violence
GoN	Government of Nepal
GRM	Grievance Redress Mechanism
IEE	Initial Environment Examination
IPDP	Indigenous People Development Plan
IPs	Indigenous Peoples
LAPAs	Local Adaptation Plans of Action
LGs	Local Governments
MIS	Management Information System
MoLESS	Ministry of Labor, Employment and Social Security
MoSD	Ministry of Social Development
NAPA	National Adaptation Plan
PDO	Project Development Objective
PMEP	The Prime Minister's Employment Program
PMU	Project Management Unit
PSC	Project Steering Committee
PTC	Project Technical Committee
PWPs	Public Works Programs
PWP	Public Works Plus
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
SIA	Social Impact Assessment
SMEs	Small and Medium-sized Enterprises
SMF	Social Management Framework
SSA	Social Security Allowance
SSF	Social Security Fund
VCDP	Vulnerable Community Development Plan

## ***EXECUTIVE SUMMARY***

To meet the jobs challenge, Nepal needs an integrated set of supply side and demand side interventions to improve youth jobs outcomes, anchored in a robust set of goals and indicators. The GoN has several initiatives underway to address aspects of the youth jobs agenda. However, these initiatives are fragmented, and the available evidence suggests an uneven pattern of effectiveness. On the labor supply side, although strong advances have been made with market oriented vocational training programs such as EVENT, there is lack of systematic approach to supporting young women and men as they enter the labor market to make the best choices about where to work or what additional skills to attain. The emphasis on intermediation between workers from disadvantaged backgrounds and potential employers is not sufficiently strong. On the labor demand side, there are no adequate interventions that focus clearly on correcting the market failures linked to job creation – specifically, labor externalities and jobs social externalities. The Accelerating Inclusive Jobs Growth in Nepal Project (AIJOG) will help to address those gaps. The project will be aligned with the newly announced Prime Minister’s Employment Program (PMEP) and will be implemented by the Ministry of Labor, Employment and Social Security (MOLESS). The PMEP is the flagship employment program of the Government of Nepal and it seeks to provide minimum employment guarantee as a safety net.

The Project Development Objective (PDO) is to create quality jobs and enhance labor market outcomes, especially for youth and it has 4 components

**Component 1:** Strengthening of Employment Promotion Systems and Services

**Component 2:** Improving Labor Market Outcomes of the Vulnerable

**Component 3:** Job Creation in the Private Sector

**Component 4:** Capacity Building, Monitoring and Evaluation and Project Management

This project will support the capacity of the Employment Service Centers (ESCs) in all 753 Local Governments, provide temporary employment in maintenance of public assets and service provision implemented by the municipalities, and support promotion of small and medium enterprise for job creation. Thus, in absence of major infrastructure investment the adverse impacts on environment and social aspects are not expected. However, Environment and Social Management Framework (ESMF) is needed to address any issues likely to have effect on the local natural environment and issues related to the social inclusion, participation of intended beneficiaries in the project activities. This project would not support any type of activity that adversely affect the environment and cause loss of natural resources in course of project implementation. Also, women’s active participation in the project activities are encouraged, and this should not result into additional burden to women’s work.

The project activities have paid due consideration for compliance to the environment and social safeguard issues. The Project, in this respect, has focused on strengthening the capability of the implementing agencies by providing trainings for the implementation of environmental and social criteria outlined in the project.

In preparation of this ESMF, constitutional provisions related to the project activities, the relevant plan, policies, laws and regulation was reviewed. The PMEP guidelines, the Right to Employment Act, 2075, the Labor Act, 2074, the Environment Protection Act, and the Local Government Operation Act 2017 are key, with respect to the ESMF.

The objective of this ESMF is to identify the potential environmental and social issues and risks related to the project activities, and to propose conceptual outline procedures for addressing and mitigating the risks. The ESMF also serves as a guideline and sets out principals, rules and procedures to screen, assess, manage and monitor the mitigation measures of environmental and social impacts. It also includes mechanism to address gender issues and describes procedures for information dissemination, organization of consultation, call for applications, review and scrutiny of received applications on relevant social criteria of the GoN and the World Bank for its application by the implementing agency. The prescribed methodological guidelines will enable the development of these plans and their monitoring.

The emphasis of the ESMF is on project affected people including vulnerable groups (poor, displaced, landless, elderly, women, children, indigenous people and ethnic minorities, and Dalits); therefore, plans,

policies and guidelines related to the project activities and applicable to address these issues were reviewed to develop the ESMF. It provides clear steps, processes, procedures and responsibilities, including various tools to be used during project implementation to ensure environmental and social integration in planning, implementation, and monitoring of the project supported activities.

Environmental and social screening, assessment, and management plans are some of the tools prescribed for the pre-investment analysis of the proposed activities, and integration of environmental and social factors in the project cycle is proposed. The principles, objectives and approach to be followed to avoid, minimize or mitigate adverse impacts have been identified to enable analysis of project investments.

The activities are classified into 4 categories depending upon the intensity of their environmental and social effects, which is determined by screening. The requirement for IEE or EIA indicates the intensity of the effects, whereas, some projects may go through simple screening. The activities for each of the sub-components is yet to be identified; however, it is presumed that simple screening will be enough for the projects under component 1 and 2. In case of businesses under component 3, it is likely that some will have to go through IEE and EIA and will have to follow Environmental Code of Practice.

Due to the nature of the project, the social assessment will form the integral part of the ESMF in terms of the constraints in participation of the vulnerable groups including women, *Janajatis*, *Dalits*, and other socially excluded groups. Thus, the social assessment will help in designing activities that would enhance participation of socially excluded groups, including women.

The ESMF further proposes guidelines for the screening, implementation, monitoring and evaluation of the project activities with clear delineation of the roles and responsibilities of the Project Management Unit (PMU), Employment Service Centers (ESCs), and the Municipalities. The project will ensure that potential social risks are avoided or minimized, to the extent possible, to encourage the participation of the women, *janjatis* and other excluded groups.

The ESMF has proposed for regular, intermittent, and periodic monitoring beside the mid-term evaluation through third party. It proposes to recruit independent third party to assess project impacts and suggest appropriate measures for corrective action, if required. The ESMF has also proposed grievance redressal mechanism from ESCs at the local levels, to the Project Steering Committee (PSC) at central level.

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# 1 PROJECT OVERVIEW

## 1.1 Country Context

1. Over the past decade, Nepal's economy has performed reasonably well. Growth averaged 4.3 percent (at market prices) over 2005-15. Although declining as a share in the economy, agriculture continues to play a large role, contributing over 30 percent of value-added. The service sector has grown in importance, accounting for half of value-added in recent years. Industry in general, and manufacturing has grown more slowly and its relative share in the economy has averaged 16 percent of Gross Domestic Product (GDP) over the past decade. Similarly, exports continue to struggle, while imports are fueled by remittances. However, remittance as a share of GDP has recently been on a declining trend due to lower oil prices that have impacted economic prospects in those countries with large Nepalese migrants. Inflation was in single digit for most of the past decade, with the peg of the Nepalese rupee to the Indian rupee providing a nominal anchor. Fiscal balances remained sustainable owing to strong revenue growth and modest spending.
2. Poverty rates have declined remarkably, largely due to labor migration and remittances from abroad.<sup>1</sup> The incidence of poverty measured against the national poverty line fell by 19 percentage points between 2003/04 and 2010/11, and in 2010/11, 15 percent of the population was counted as poor. Most multidimensional indicators of poverty also showed improvements across regions in Nepal. 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 0.7 percent in 2016, the lowest in 14 years.
3. Data released by the Central Bureau of Statistic (consisting of a revision of the FY2017 growth rate and an updated estimate for FY2018), show that growth has been strong, despite the external shock from floods. In mid-August 2017, the worst flood in decades destroyed 64,000 hectares of standing crop, contributing to an estimated reduction in the agriculture growth rate from 5 to 2.8 percent (in FY2017 and FY2018, respectively). This contributed to a reduction in overall GDP growth from 7.9 to 6.3 percent in FY2018. Government revenue continued to perform well. However, spending also picked up significantly in FY2017 compared to previous years. Nevertheless, ambitious expenditure targets envisioned in the budget have not been met and the quality of spending has not improved with 60 percent of the capital spending occurring in the last quarter. Also, spending pressures have increased in the first half of FY2018 due to fiscal transfers, and spending on elections, capital goods and federalism. High inflation in the past two years has moderated sharply due to moderating inflation in India and improving supply side constraints.
4. Despite the above, Nepal faces risks from failing to provide sufficient, suitable domestic employment that is productive and remunerative for the country's youth. While both unemployment and time-related underemployment is relatively low, most jobs are in low-productive areas and over 90 percent of young workers are in the informal sector. Lack of quality, domestic job opportunities can potentially result in substantial, lasting economic and social costs – not just for the affected youth but also their families and communities. This is especially crucial given the decline in migration in the past two years.
5. The Government of Nepal (GoN) has recognized, as a priority, the centrality of jobs challenge and creation of employment opportunities, especially for the youth.<sup>2</sup> This has been reflected in the Government's 14th Development Plan (2015-18) that sets out goals to graduate from low-income country (LIC) status by 2022, to achieve the 2030 United Nations Sustainable Development Goals, and become a

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<sup>1</sup> "Nepal Risk and Resilience Assessment (RRA)." July 2017. World Bank Group.

<sup>2</sup> For the purposes of the project, youth are defined as individuals aged 16–34 years. This definition largely overlaps with Nepal's official definition (ages 15–40 years); it is consistent with the "extended youth" definition applied in other research internationally; and it is appropriate, given that sizable shares of men and women ages 15–24 years (24 percent and 17 percent, respectively, in 2010–11) are still attending education institutions. Because Nepalese law considers individuals as children at age 15 (Government of Nepal 2000), this.

middle-income country by 2030. Furthermore, the budget speech delivered to the Parliament in May 2018 for FY2019 has prioritized promotion of sectors that can create jobs and employment opportunities for all citizens in the country. The budget speech sets an ambitious target of creating 500,000 new jobs in the coming five years. The Government realizes that achieving these goals will require a shift in the pattern of development, to accelerate the creation of better-quality jobs, especially for young people, women and excluded groups, by supporting productivity transitions across all the major sectors of the economy.

6. **The proposed project on *Accelerating Inclusive Jobs Growth for Youth in Nepal* will aim to address gaps in the labor and supply side and compliment outcomes of ongoing projects discussed above.** On the *labor supply* side, youth entering the labor market continue to work in low-productive jobs. The project will aim to address the lack of a systematic approach to the provision and management of employment support services and systems to support jobseekers to make the best decision as they enter the labor market. On the *labor demand* side, the project will focus on correcting market failures in order to create sustainable jobs linked to job creation. The focus on youth is for purposes of addressing high risks of fragility and conflict discussed above.

## 1.2 Project Description

### 1.2.1 Project Development Objective

7. The project development objective (PDO) is to create quality jobs and enhance labor market outcomes, especially for youth.
8. For the purposes of the project, youth are defined as individuals aged 16–34 years. This definition largely overlaps with Nepal’s official definition (ages 15–40 years); it is consistent with the “extended youth” definition applied in other research internationally; and it is appropriate, given that sizable shares of men and women ages 15–24 years (24 percent and 17 percent, respectively, in 2010–11) are still attending education institutions. Because Nepalese law considers individuals as children at age 15 (GoN, 2000), this project sets the minimum age for youth at 16.
9. The project aims to support an integrated set of supply side and demand side interventions to improve job outcomes, especially for youth. The PDO-level indicators that will measure enhanced labor market outcomes for youth and the number of quality jobs created are:
  - Number of people (disaggregated by gender and age group) supported by the project who take up a training, temporary work, or employment opportunity within six months of registration
  - Number of people who have increased their employability, (disaggregated by gender and age group)
  - Increase in income for workers directly hired by firms under the BPC (average percent)

### 1.2.2 Project Components

10. In order to achieve its development objectives, the project, over a five-year period is expected to support four components.

#### **Component 1: Strengthening of Employment Promotion Systems and Services**

11. The main objective of Component 1 is to support the GoN in building a platform for systematic approach to provision of employment promotion services. The Component will achieve this through: (i) increasing access to employment opportunities through a one-stop shop approach to delivery of employment promotion services and (ii) development of a holistic national employment information management system (EIMS) to support program management and employment policy formulation.

#### *Component 1a: Increasing access to employment opportunities.*

12. In order to support effective and systematic provision of employment promotion and unemployment support services Component 1a will finance: (i) strengthening of ESC’s capacity for outreach to and registration of unemployed and jobseekers; (ii) provision of support to the registered to identify and access tailored employment support options; and (iii) coordination and monitoring needed at the local level for effective PMEP implementation.



*Component 1b: Development of holistic national employment information management system (EIMS).*

13. Component 1b will finance enhancement and integration of information management systems necessary for the efficient and effective functioning of employment promotion services in Nepal (including PMEPP). This will include assessments of existing systems, identification of needed design enhancements, hardware and software procurement and capacity building necessary to ensure that information from these systems is effectively utilized for program management and policy making. Component 1b will support activities around five major areas: (i) Strengthening of unemployment and jobseeker registration, monitoring, and updating functions in ESC MIS; (ii) Enhancement of PWP module in the MIS; (iii) Expansion of jobs portal functionality; (iv) System integration into a holistic EIMS; and (v) Data utilization capacity building.

### **Component 2: Improving labor market outcomes of the vulnerable**

14. Component 2 aims to improve labor market outcomes of the vulnerable unemployed through the efficient delivery of labor-intensive public works (PWP) with a “plus” package under the PMEPP. The “plus” package adds the provision of on-the-job training and life skills to the PWP beneficiaries with an aim to improve the productivity and employability of the beneficiaries.

*Component 2a - Creation of employment opportunity in maintenance of public assets and provision of services.*

15. This activity will complement PWP activities financed through the LG development plans and aims at improving access to and quality of services by maintaining the functionality of key public assets. This component will support job creation in maintenance of public assets and provision of services. The activity will finance cash benefits for an average of 30 individuals per LG that will work for 100 days per year. Therefore, the activity will benefit around 22,500 jobs around the country creating about 2,250,000 workdays a year. The beneficiaries will be selected from the ESC information system that have the list of registered unemployed in the LG. Individuals can be selected individually by LGs or by firms selected by LGs to manage the implementation of maintenance of public assets and provision of services. This activity will only finance the cash benefits and must be complemented by LG budget that will cover the costs of material and equipment needed for the selected tasks. Moreover, the cash benefits paid to workers will be transferred as conditional grants to LGs.

*Component 2b - Improving employability of PWP beneficiaries.*

16. The PWP “plus” component will enhance the productivity and employability of PWP beneficiaries through the provision of up to 10 days of a combination of: (a) *on-the-job training activities on relevant trades and occupations*. For example, workers employed as manual laborers on a construction project may be offered training in building skills such as bricklaying or masonry. (b) *life skills training*. For example, individuals may be offered training in self-esteem, goal-setting, decision-making, communication, financial literacy and reproductive health. This subcomponent will also support the targeted outreach campaign for youth.

### **Component 3: Job Creation in the Private Sector**

17. The objective of this component is to generate better jobs by accelerating investment in labor intensive, growth-oriented businesses select provinces. This aligns with the Government’s policy on job creation, which aims to support the creation of sustainable better jobs, especially for low-income workers and provide an alternative to migration. The component will incentivize the private sector to create more jobs, as they are the likely source for longer-term sustainable job creation in Nepal. The activities will focus on helping growth-oriented SMEs improve their commercial viability, financial position, and operational efficiency, thereby increasing their productivity and improving prospects for increased investments and employment generation. It will offer an integrated package of technical (*Technical Assistance to grant recipients*) and financial assistance (*Jobs-linked grants to support firms’ expansion plans*) to firms with credible expansion plans to create sustainable jobs. The Business Plan Competition (BPC) will be administered by a private entity, contracted by the Government of Nepal. The entity will be responsible for managing the Business Plan Competition and supporting companies in identifying, accessing and

monitoring specific technical expertise provided through a range of professional service providers.

18. *Jobs-linked grants to support firms' expansion plans*: The grants will help approximately 1,000 firms implement expansion plans which improve their competitiveness and create new direct and indirect jobs. The project aims to cap grants at a maximum of 30% of the financial cost of the expansion plan to ensure minimum level of concessionally to crowd in commercial investment, with flexibility to adjust the cap during implementation as per requirements. The grant will be allocated competitively to commercially viable firms with sound business plans based on: (i) the estimated number of direct and indirect jobs created with the investment; ii) the cost of expansion and (ii) the grant amount requested. Grants will be provided in the range of US\$10,000 to US\$50,000 averaging \$25,000 per firm for 1,000 firms and will leverage access to equity and loan finance (at least 70% of total investment). The disbursement of grants will be tied *pari passu* to the mobilization of the complementary private finance; and to demonstrated advances in the implementation of the expansion plans. The component will be rolled out in phases and will focus on regions with high potential for job creation and large labor surpluses.
19. *Technical Assistance to grant recipients*: The component will support beneficiary firms receiving grants to implement their plans by improving their managerial capacity, production efficiency, technology, corporate governance, legal and statutory compliance, financial management, team capability and market linkages. The winners will be provided one to one coaching/hand holding, and personalized training based on their specific demand for a period of 18 to 24 months. The integrated package of services will be provided by a list of business development service providers (incubators/accelerators) selected through a competitive process. The package of technical assistance will be holistic and tailored to the needs of the firms. The TA will include additional support to in making work places more women friendly. Selected female entrepreneurs will also be provided additional coaching and mentoring as required to enable them to overcome challenges they face to grow their businesses.

#### **Component 4: Project Management, Monitoring and Evaluation and Capacity Building**

20. Component 4 will support: (a) the establishment and maintenance of an effective implementation arrangements at federal, provincial and local levels; (b) the set-up of a monitoring and evaluation mechanism to track the progress and conduct evaluation; and (c) the capacity building programs for project management, PMEP service delivery, and cross-components activities.

#### **1.3 Project Location**

21. Component 1, 2 and 4 will be financed across the whole country, covering all 753 urban and rural municipalities and all geographical regions, while component 3 will be financed only in 2-4 provinces. The provinces and the districts for the component will be identified in consultation with MoLESS. The general overview of the provinces is presented in the following paragraphs<sup>3</sup>. The total population of the country according to the census 2011 is 26,494,504 distributed to the Mountains (1,781,792), Hills (11,394,007), and Terai (13,318,705) regions.

#### **Province 1**

22. The total population of the province is 4,534,943. The Province 1 lies in the easternmost part of Nepal. This province stretches from the Terai in the south to the Himalayas in the north flanked by agricultural plains in the Terai. Province 1 which covers an area of 25,905 sq. km has three geographical division: Himalayan in the north, Hilly in the middle and Terai in the southern part of Nepal, varying between an altitude of 60 m and 8,848 m. Terai, extended from east to west, is made up of alluvial soil. To the west of Koshi River, in between Mahabharat Range and Churia Range, there elongates a valley called Inner Terai. Churai Range, Mahabharat Range and other hills of various height, basins, tars and valleys form the hilly region. Some parts of this region are favorable for agriculture, but some other parts are not. Himalayan region, in the north, consists of many mountain ranges; Tundra vegetables, coniferous forest, deciduous monsoon forests and sub-tropical evergreen woods are vegetations found here. Sub-tropical, temperate,

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<sup>3</sup> www.imnepal and Central Bureau of Statistics (CBS), Nepal

sub-temperate, and alpine and tundra types of climates are found here. The highest and the third highest mountain peaks of the world, Mt. Everest (8848 m) and Mt. Kanchenjunga (8586 m) lies here. This province has 727 industries. Biratnagar municipality of this province is also known as industrial city with various industries.

23. The province has 14 hydro-electricity projects in operation. The province has Kanchenjunga Conservation Area, Koshitappu Wildlife Reserve, Makalu Barun National Park, and Sagarmatha National Park. The religious sites like Pathivara and Halesi fall in this province. Other important heritages are Maipokhari of Ilam, Milke area, Tinjure, etc. The major trade centers of the province are Biratnagar, Dhulabari, Dharan, Ilam, Okhaldhunga, Gaighat, etc. In the same ways, Kakarbhitta and Pashupatinagar are the main trade transits to India and Olangchunggola is the trade transit to China. It has fourteen districts.

### **Province 2**

24. The total population of the province is 5,404,145. The province 2 expands in the Terai region with high agricultural production potential having highest population density. The province covers about 9,661 km<sup>2</sup> (as per CBS) of Nepal's total area of 147,181 sq. km with total number of 5,404,145 inhabitants, it is the second most populous province in Nepal. The province is located on flat plains of Terai, and Chure (Churiya) or the Shivalik Hills are the natural border of the province which falls in northern side. The southern side has an international border with the India. Koshi River on its eastern side acting as a natural border with Province No. 1. The province is drained by Koshi River, Bagmati River, Kamla River, Lakhadei River and Bishnumati River are the main rivers of the province. The province is very important from the perspectives of agriculture, industry, and tourism with the least possibility of hydro-electricity development. But the region is highly significant in terms of business since it has a direct link with Indian borders. Rajbiraj, Mirchaiya, Janakpur, Jaleswor, Malangwa, Chandranigahapur and Simara are the major trade centers of the province. Janakpur, Gadhimai, and Chhinnamasta are the main religious site of the province. Hence, this province can collect good revenue from customs duty. It has Parsa Wildlife Reserve, a part of Koshitappu Wildlife Reserve. It has eight districts.

### **Province 3**

25. Province 3 constitutes mostly of hills and mountains and home to peaks including Gaurishankar, Langtang, Jugal, and Ganesh. The province covers an area of 20,300 km<sup>2</sup>, about 14% of the country's total area, and has an altitude low enough to support deciduous, coniferous, and alpine forest and woodland. Temperature varies with altitude. Rainfall takes place mainly during the summer. Total Population of the province is 5,529,452. The province is located between Tibet (China) in the north and province 2 in the south. It is the third smallest province of Nepal. Kathmandu is the capital city of Nepal which lies in this province, the number of industries is 979 and has the highest number of hydro-electricity project. In total 38 hydro-electricity projects are running here with the biggest Upper Tamakoshi Hydro-electricity Project. The province has three types of physical features. The major mountain peaks are Mt. Ganesh (7163 m), Langtang (7205 m), Mt. Gaurishankar (7134 m), etc. This is the most developed province. The Tamakoshi, the Indrawati, the Trishuli, the Kamala and the Bagmati rivers flow through this province. People are involved in agriculture, industry, and service. The major trade centers of this province are Kathmandu, Hetauda, Chitwan, Banepa, Sindhuli Gadi and Tatopani. The major Nepal-China trade transit – Tatopani lies here. Tourists come to visit Kathmandu, Lalitpur, Bhaktapur, Nagarkot, Dhulikhel, Chitwan, and so on. Here are Langtang National Park, Shivapuri National Park and Chitwan National Park, and Gaurishankar Conservation area. It has thirteen districts.

### **Province 4**

26. The province covers an area of 21,773 km<sup>2</sup> which is about 14.66% of the total area of Nepal. In terms of terrain, the province is spread over the Himalayan, Hilly and Terai region of Nepal; 5,919 km<sup>2</sup> (26.8%) of the area falls under the Himalayan region, 14,604 km<sup>2</sup> (67.2%) of the area falls under the Hilly region and 1,310 km<sup>2</sup> (6%) of the area falls under the Terai region. The total population of the province is 2,403,757. The province 4 lies between China in the north and province 5 in the south. As others, the Himalayan region lies in the north. The province has the good potentiality of hydro-electricity generation with existing 29 hydro-electricity projects. Lakes and perennial rivers are the major attraction of this province.

27. The major mountain peaks are Annapurna I (8091 m), Dhaulagiri (8176 m), Manaslu (8163 m), Himalchuli (7893 m) and Machhapuchchhre (6993 m). The Hilly region is in the middle and the Terai is in the south of this province. Gandaki (Kali Gandaki, Budhi Gandaki, Seti Gandaki, Marsyangdi, Madi, Daraundi, and Seti) is the major river in this province. This region is rich in lakes. Fewa, Rupa, Begnas, Khaste, Dipang, and Tilicho are the major lakes. The people of this province are involved in agriculture, tourism, industry, services as well as foreign employment. This province collects the highest remittance. The province is very good for tourism industry with the enough attraction for mountaineering, trekking, rafting and paragliding centers. It has 11 districts.

#### **Province 5**

28. The total population of the province is 4,499,272. Province 5 lies in the Hilly region and plain land of the Terai. It is bordered by India in the south and province 4, 7 and 6 in the east, west, and north respectively. The rivers Karnali, Bheri, Rapti and Babai drain the province. The land is very fertile. The major crops are paddy, mustard, wheat, maize, cotton, etc. Bardiya National Park and Banke National Parks cover a considerable part of the province. Sikta irrigation project and Babai irrigation project have benefited from the agricultural production. The availability of abundant natural resources, religious sites like Lumbini, Bageshwori, Thakurdwara, Resunga, and Swargadwari are the major tourist attractions. The main trade centers are Nepalgunj, Kohalpur, Tulsipur, and Gulariya. It has 13 districts.

#### **Province 6**

29. The total population of the province is 1,570,418. The province lies in the western part of Nepal. Geographically, this is the biggest province in size. The bordering provinces are province 7 in the west, province 5 in the south and east, a part of province 4 in the east and China in the north. The province does not cover any fertile land of the plain Terai. The province is the poorest and is developmentally challenged, too. This region has complex topography. Mt. Kanjirowa (6612 m), Mt. Kanti (6859 m), Mt. Gorakh (6088 m) and Mt. Changla (6563 m) are remarkable peaks of the province. Rara National Park with biggest lake Rara and Shey- Foksundo National park with Shey-Foksundo lake are situated in the province. Other main attractions of the province are Badimalika, Deuti Bajai and Chandannath temples, Bulbule lakes, etc.

30. The major trade centers of the province are Birendranagar, Gumgadhi, Khalanga, Dunai, etc. The province is known for fruits like apples, oranges, pomegranate, walnut, etc. which are traded all over the country. Besides Humla and Dolpa, all other districts have access to roads, but they are very narrow, just graveled and risky. Surkhet, Dunai and Simikot, and Jumla have airports of the province. Maize, barley, wheat, millet, and paddy are the staple food crops. Similarly, mustard, soybean and hot chili are some of the noteworthy cash crops of this province. The paddy crop is known as 'Jumli Marsi' is the very popular breed of paddy found in Jumla districts. It has 10 districts.

#### **Province 7**

31. The total Population of the province is 2,552,517. The province is in the western-most part of Nepal. All three geographical regions are found in this province: the Himalayan in the north, the Hilly in the middle and the Terai in the south. The river Kamali flows in the east and river Mahakali drains the border in the west. It borders with India in the west as well as at south and Tibet (China) in the north. Thus, the region has the good potentiality of external trade. It is the second smallest province of Nepal. Mt. API (7132 m.) and Mt. Saipal, Mt. Yokapahad (6644m), Mt. Lassa (6189m) are the major Mountain peaks of this province. Khaptad and Ghodaghodi lakes fall in the province. Khaptad National Park and Shuklaphanta National Park conserve a lot of living and Non-living things. Api Nampa Conservation Area lies in the same province. The major trade centers of this province are Dhangadhi, Dadeldhura, Mahendranagar, and Dipayal. The principal crops grown in this province are wheat, mustard, maize, and cotton.

32. The province is remote and developmentally challenged. Some 44% of people in the Far West Hills and 49% in the Himalayan districts live below the poverty line. The province has limited access to basic services. It has complex socio-economic structures and there is both widespread gender- and caste-based discriminations. Likewise, this province is badly affected by, Deuki Pratha, Chhaupadi Pratha, etc. In addition to this, other traditional systems associated with the province, its culture and customs also pose

impediments for overall development. It has 9 districts.

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## **2 PLAN, POLICIES, LEGISLATIONS AND DIRECTIVES RELEVANT TO THE PROJECT**

### **2.1 Relevant Acts, Regulations and guidelines**

33. The following Act and Rules; guidelines, plans and programs will be relevant for Environment and Social Management Framework (ESMF) development under this project and needs to be taken into consideration during the design and implementation of the project activities in components 1,2 and 3.

#### **a. Constitution of Nepal 2015 - Fundamental Rights and Duties**

34. *Right to equality*: according to Article 18 citizens are not discriminated on grounds of origin, religion, race, caste, tribe, sex, economic condition, language, region, ideology or on similar other grounds.

35. “Nothing shall be deemed to prevent the making of special provisions by law for the protection, empowerment or development of the citizens including the socially or culturally backward women, Dalit, indigenous people, indigenous nationalities, Madhesi, Tharu, Muslim, oppressed class, backward class, minorities, the marginalized, farmers, labors, youths, children, senior citizens, gender and sexual minorities, persons with disabilities, persons in pregnancy, incapacitated or helpless, backward region and Khas Arya.”

36. “No discrimination shall be made on the ground of gender with regard to remuneration and social security for the same work”.

37. *Right to clean environment*: Article 30 states (1) every citizen shall have the right to live in a clean and healthy environment. (2) The victim shall have the right to obtain compensation, in accordance with law, for any injury caused from environmental pollution or degradation. (3) This Article shall not be deemed to prevent the making of necessary legal provisions for a proper balance between the environment and development, in development works of the nation.

38. *Right relating to food*, Article 36 states (1) Every citizen shall have the right relating to food. (2) Every citizen shall have the right to be safe from the state of being in danger of life from the scarcity of food. (3) Every citizen shall have the right to foods over eighty in accordance with law.

39. *Rights of child*: Article 39(4) states no child shall be employed to work in any factory, mine or engaged in similar other hazardous work.

40. *Right to social security*: Article 43 states the indigent citizens, incapacitated and helpless citizens, helpless single women, citizens with disabilities, children, citizens who cannot take care themselves and citizens belonging to the tribes on the verge of extinction shall have the right to social security, in accordance with law.

#### **b. Part-4: Directive Principles, Policies and Obligations of the State**

41. *Directive Principles, Article 50 (3)* states,

The economic objective of the State shall be to achieve a sustainable economic development, while achieving rapid economic growth, by way of maximum mobilization of the available means and resources through participation and development of public, private and cooperatives, and to develop a socialism-oriented independent and prosperous economy while making the national economy independent, self-reliant and progressive in order to build an exploitation free society by abolishing economic inequality through equitable distribution of the gains.

42. *Policies relating to political and governance system of State, Article 51 (b)* states that

The State shall guarantee good governance by ensuring the equal and easy access of the people to the services and facilities delivered by the State, while making public administration fair, competent, impartial, transparent, free from corruption, accountable and participatory.

43. *Policies relating to agriculture and land reforms, Article 51 (e)*:

Enhance product and productivity by carrying out land pooling, while discouraging absentee land ownership,

diversification and modernization of agriculture, by pursuing land-use policies to enhance agriculture product and productivity, while protecting and promoting the rights and interests of the farmers.

**44. *Policies relating to protection, promotion and use of natural resources, Article 51 (g):***

Protect, promote, and make environment friendly and sustainable use of natural resources with preferential right to the local community. Conserve, promote, and make sustainable use of, forests, wildlife, maintain biodiversity by mitigating possible risks to environment from industrial and physical development. Adopt appropriate measures to avoid existing or possible adverse environmental impacts on the nature, maintain environment or biological diversity. Pursue the principles of environmentally sustainable development and obtain prior informed consent from appropriate authorities wherever applicable.

**c. *Environment Protection Act in Nepal, Environment Protection Act 1996 (EPA 1996) and the corresponding Environment Protection Rule 1997 (EPR 1997)***

45. The EPA advocates to regulate the protection of the environment through proper utilization of natural resources. Most of the terminology - environment, pollution, protection, proposal, proponent, Initial Environmental Examination (IEE), Environmental Impact Assessment (EIA), garbage, emission, biodiversity and national heritage are defined under this act. IEE and EIA will have to be carried out by the applicant under this act following the provisions prescribed in the Act. The Act has the provision for environmental safeguards and pollution control also.

46. The act has the provision for Environment Protection Council and establishment of Environmental Protection Fund beside provision for compensation to the persons affected by environmental pollution.

47. The Environment Protection Act of 1996 and rules 1997 have IEE, or EIA, mandatory in forests, agriculture and hydropower development based on investment and the capacity of the industry.

**d. *Right to Employment Act 2017***

48. The Right to Employment Act made to specify provisions relating to every citizen's right to employment guaranteed in Article 33 of the Constitution of Nepal was approved in October 2018. In order to ensure the right to employment of every citizen the Act makes provisions for making the labor force skilled and employable as well as providing a minimum employment guarantee of 100 days of work for the unemployed. According to the Act an employment service center will be established at each local level that will provide the necessary linkage to labor intensive public development activities in order to ensure the guaranteed minimum employment. One of the objectives of the act is to create a situation whereby more employment opportunities are created within the country that will afford Nepali citizens' an option to not migrate internationally for employment.

**e. *Labor Act 2017***

49. It prohibits child labor and advocates Positive discrimination assigning easier and suitable jobs to pregnant female workers, Preference to differently-abled workers for jobs suitable to his/her condition without any reduction in remuneration or benefits. It has Provisions relating to Occupation Safety and Health (OSH), which is regularly monitored by the labor office. Employers must ensure appropriate safety and health provisions at the workplace, especially related to use of chemicals; provide necessary trainings and information; and personal safety equipment. Such safety services need to be provided free of charge to the employees. Make appropriate arrangements for eco-friendly use and disposal of chemical products used by the enterprise.

50. In case of construction work the employer should provide necessary tools and equipment for work, temporary quarters with enough drinking water and sanitation facilities for those who do not have accommodation nearby and should ensure safety arrangements at the site. Likewise, **any** enterprise operating in a season only or cannot be operated for more than 180 days, regular workers should be paid at least 25% of their remuneration during closure.

51. It has provisions for termination of employment by employee or employer, on valid grounds, upon prior written notice, and payment of remuneration and benefits as agreed and provisioned by law. Likewise, employers in case of financial problem in operation, or mergers or closures, may retrench workers upon

prior written notice (at least 30 days), with compensation calculated at the rate of their monthly basic salary and for the number of years served, for employees completing at least one year with the enterprise.

***f. Local Government Operation Act 2017***

52. Promulgated with the objective of institutionalizing legislative, executive and judicial powers and authorities of the local governments (LGs) in developing local leadership through strengthening local governance system, the Local Government Operation Act (LGOA) 2017 mandates the local governments (executive offices of metropolitan cities, sub-metropolitan cities, municipalities and Gaun Palikas) to formulate, implement, monitor, evaluate and regulate policy, legislation, standards, norms related to the development projects and programs. Specifically, the LGOA mandates local governments to implement the public work projects in sectors like road, irrigation, health posts and their maintenance. Therefore, this act will affect the implementation of component 2 and that there will be a need to implement this in harmony with this Act.

***g. Solid Waste Management Act, 2068 (2011)***

53. Solid Waste Management Act, 2068 (2011) was promulgated to make the management of the solid waste in a systematic and effective way by reducing at its source, re-use, processing or discharge and for maintaining a clean and healthy environment through the reduction of adverse effects that may be caused to the public health.

54. Section 5 of this act dealing on the issue related to the reduction of generation of solid waste states that (1) any individual, organization or body shall, as far as possible, reduce the production of solid waste (2) it shall be the duty of every individual, organization or body to reduce the amount of remaining solid waste by making arrangement for disposal or reuse of solid waste which might have been otherwise disposed-off in such individual, organization or body's own area.

***h. Forest Policy (2015)***

55. The Forest Policy of 2015 by GoN guides forest sector policies and strategies including forest, wetland, vegetation, wildlife, biodiversity, NTFP and Soil and watershed conservation. The Forest Policy laid emphasis on providing equitable employment, incomes and livelihoods opportunities through the sustainable management of forest resources, conservation of biodiversity, plants resources, wildlife, watersheds and other ecosystems by strengthening climate resilient adaptive capacity of the community. The maintenance of forest ecosystems is envisaged by promoting payment for ecosystem services (PES) and biomass based renewable energy. This policy further emphasizes diversification and optimum utilization of forest products and services through protection of land from degradation by soil erosion, landslides, desertification, and other ecological disturbances.

***i. Pesticides Act, 2048 (1991) and Regulations, 2050 (1993)***

56. This Act regulates all those involved in the pesticide related activities that includes importers, exporters, users, sellers, and producers. They must register with National Plant Quarantine Office, the authority designated by the GoN for the regulation of pesticide and its use. As per the Pesticides Regulation 1993, the authority publishes names of allowed pesticides in the national Gazette and is also responsible for the evaluation of the impacts of pesticides on human, animal, and environment. The authority can cancel registration at any time in case the pesticides is found to have made adverse impacts on human, animal health and environment.

***j. Climate Change policy 2011***

57. It Provides methodologies/ process and guidelines for the preparation of National Adaptation Plan (NAPA) and Local Adaptation Plans of Action (LAPAs) for Climate Change effect from community level to the National level. It advocates for adaptation of community-based approaches to deal with the effect of climate change. The local governments and the community have a greater role in the preparation of the LAPAs for adapting to the changes brought by climate change at local level. At the central level it has laid emphasis on the policy formulation and institutional mechanisms for the effective implementation of LAPAs.



## **2.2 World Bank Policies**

58. The following World Bank's environmental and social safeguard policies need to be considered wherever applicable in the design of the project activities. These policies are described in related operational Policies (OP) and Bank Procedure (BP).

### **2.2.1 Environmental Assessment (OP/BP 4.01)**

59. The project is categorized as “B” due to fact that E&S impacts associated with the component 2a and 2b are site specific and reversible. The project will have to manage E&S risks and impacts of the project throughout the project life cycle in a systematic manner, proportionate to the nature and scale of the project and potential risks and impact (ESA) study will be carried out. The potential impacts may include water quality and solid waste management related issues, construction related air and noise pollution, OHS and over exploitation of natural resources etc. which are site specific, reversible. The effects from these impacts are minimized or dealt by applying appropriate mitigation measures. Environmental and Social Assessment are to identify, avoid, and mitigate the potential negative environmental impacts in the project cycle. The ESA will prepare EMPs as well as Social Action Plans (SAPs) for all project's activities having significant adverse environmental impacts or involuntary resettlement. Assessment should include analysis of alternative designs and sites, including the “no project option” and require public participation and information disclosure.

### **2.2.2 Natural Habitats OP/BP 4.04**

60. The policy recognizes that the conservation of natural habitats is essential for long-term sustainable development. The Bank, therefore, supports the protection, maintenance and rehabilitation of natural habitats in its project financing, as well as policy dialogue and analytical work. The Bank supports and expects the Borrowers to apply a precautionary approach to natural resources management to ensure environmentally sustainable development. This policy may be triggered by the Project due to activity requiring forest/ wildlife lands, locating close to the natural habitats with the potential to cause significant adverse impact or degradation of natural habitats whether directly (through construction) or indirectly (through human activities induced by the project).

### **2.2.3 Forests OP/BP 4.36**

61. This policy focuses on the management, conservation, and sustainable development of forest ecosystems and resources. It applies to project that may have impacts on (a) health and quality of forests; (b) affect the rights and welfare of people and their level of dependence upon forests and projects that aim to bring about changes in the management, protection or utilization of natural forests or plantations, whether they are publicly, privately or community owned. The Bank does not support the significant conversion or degradation of critical forest areas or related critical natural habitats. Impact of construction activities on Forest areas required to be taken care of. The forest related issues, avoidance/ minimization of forest loss and its management shall be integrated with EA study and Environment and Social Management Plan (ESMP).

### **2.2.4 Pest Management OP/BP 4.09**

62. This policy emphasizes on use of biological or environmental methods for controlling pests and recommends for Integrated Pest Management (IPM). A pest management plan is needed in case of significant use of pesticides in a project. The project may affect pest management in a way that harm could be done, even though the project is not envisaged to procure pesticides. This includes projects that may a) lead to substantially increased pesticide use and subsequent increase in health and environmental risk, b) Maintain or expand present pest management practices that are unsustainable, not based on an Integrated Pest Management approach, and /or pose significant health or environmental risks.

### **2.2.5 Physical/Cultural Resources OP/BP 4.11**

63. This policy is triggered if the project activity is going to negatively affect existing physical and cultural resource – temples, Gumbas, places where traditional practices are performed. These are of significance to the local people because of its importance to their practices being carried out for long time. Thus, the

project activity that will negatively affect these resources will not be carried out.

### 2.2.6 Indigenous Peoples OP/BP 4.10

64. This policy acknowledges to protect the dignity, right and cultural uniqueness of indigenous people to ensure that they have a voice in project design and implementation, do not suffer from development activities; that they receive social and economic benefits. This policy may be triggered if there are indigenous people in the project area; when potential adverse impacts on indigenous people are anticipated; and if indigenous people are among the intended beneficiaries. Detailed social assessment is carried out and risks mitigation measures and measures to promote their participation to benefit optimally from the project activities are typically developed into a Vulnerable Community Development Framework (VCDF). If indigenous population are not concentrated in certain project area but are scattered across, the measures suggested in the VCDF are integrated into overall project components, and results indicators.

### 2.2.7 Involuntary Resettlement OP/BP 4.12

65. The objective of this policy is to avoid or minimize involuntary resettlement where feasible, exploring all viable alternative project designs. Furthermore, it intends to assist displaced person in improving their former living standards; community participation in planning and implementing resettlement; and to provide assistance to affected people, regardless of the legality of title of land. There will be need for limited land acquisition resulting in: relocation or loss of shelter, loss of assets or access to assets; loss of income sources or means of livelihood. This policy applies to all components of the project that result in involuntary resettlement, regardless of the source of financing including projects that are carried out, or planned to be carried out, contemporaneously with the project. Social Impact Assessment (SIA) as a standalone or as a part of Environment and Social Impact Assessment (ESIA) report, Resettlement Action Plan (RAP) in consultation with the community and project authorities shall be prepared.

*Table 1 WB Safeguard Policies*

Safeguard policies triggered in the project	Applicable	Not Applicable	Project Components
Environmental Assessment OP/BP 4.01	X		3
Natural Habitats OP/BP 4.04	X		3
Forests OP/BP 4.36	X		3
Pest Management OP/BP 4.09	X		3
Physical Cultural Resources OP/BP 4.11	X		3
Indigenous Peoples OP/BP 4.10	X		1, 2, and 3
Involuntary Resettlement OP/BP 4.12		X	
Safety of Dams OP/BP 4.37		X	

66. These policies provide guidelines for the identification, preparation, and implementation of programs and activities in the projects.

### **3 LIKELY BENEFICIAL AND ADVERSE IMPACTS OF THE PROJECT**

#### **3.1 Environmental Impacts**

67. As the project will support enterprises using forestry resources, agriculture, livestock, solid waste, water pollution management will be a concern. The increase in livestock will require more land for animal grazing which often causes deforestation. The intensification of agriculture will increase the use of fertilizer, pesticides, and fossil fuels. Livestock's presence in land and its demand for feed crops contribute to biodiversity loss.
68. The enterprise based on forest product will demand use of forest product that may cause the depletion of forest resources. However, the approval from the concerned authorities within the prescribed regulatory framework for the use of forest product will not cause any harm to the forest resources. This will have to be ascertained at the time of the screening of the project.
69. Likewise, the tourism-based enterprise may have adverse impact on the existing natural resources such as forest clearance, habitat/ecosystem alteration and fragmentation, noise pollution, and trash and garbage, although it generates employment.
70. *Resource Efficiency and Pollution Prevention and Management* – Efficient use of resources to enhance the quality of life, proper management of the waste are important for human living. Thus, the judicious use of the locally available resources by the activities, avoiding negative impact on local community due to waste disposal and polluting the natural environment are to be taken into consideration.
71. *Community Health and Safety* – No negative impact from activities activities on local communities' health needs to be ensured. Likewise, due consideration is required for the safety of the local communities whether they are beneficiaries of the activities are not. The activities should avoid any negative implications on the local communities.
72. *Biodiversity Conservation and Sustainable Management of Living Natural Resources* – There should be no adverse effect on biodiversity and living natural resource management from the activities activities as local people's livelihood is also dependent on them.
73. *Financial Intermediaries* – No financial intermediaries should be involved in the activities activities that will negatively affect the choice of work, right to work and income of the local people.

#### **3.2 Social Impacts**

74. The project activities are focused on employment generation for the unemployed poor and vulnerable groups, therefore caution should be taken in terms of increasing their access to employment opportunities. Lack of knowledge and access to information are the major impediment for them to benefit from participating such activities. Therefore, there is need for targeted activities to increase their participation in project activities to benefit them.
75. Conducive work environment – minimization of work hazard, proper health, hygiene and sanitary facilities and payment of equal wages both for men and women – is desirable in work places.
76. Gender-based violence (GBV) in the work place is major concern for the women, thus its prevalence will deter the participation of women in project activities. Therefore, GBV needs to be avoided in the work place through training for both men and women. In order to enhance women participation corrective measures like enforcing existing laws and standards on GBV and provision of appropriate referral service mechanisms should be in place in case of GBV occurrence.
77. The call for BPC proposal under component 3 will include criteria to prioritize proposals that benefit or engage women and vulnerable groups.
78. Proposals under component 3 will carry out a due diligence for promoting gender equality and social inclusion in training and job creation and mitigate any adverse impact.

## 4 ENVIRONMENT AND SOCIAL MANAGEMENT FRAMEWORK

### 4.1 Introduction

79. When specific investments cannot be identified prior to project appraisal, Environmental and Social Management Framework (ESMF) is applied. The ESMF sets out the principles, rules, and procedures to screen, assess, manage and monitor the mitigation measures of environmental and social impacts of project activities that are not known at the time of project of preparation. It includes:

- Financial Intermediary (FI) operations
- Trenched sectoral investment programs (incl. SWAPS)
- Area development projects (rural, municipal, etc.)
- Social Funds
- Small Grants Programs

80. Its objective is to prevent and mitigate negative implications to the people and environment in the development of project activities. It is a live document and can be updated during the project cycle and it:

- provides an environmental and social screening process to allow for identification, assessment and mitigation of potential impacts by proposed works at the time the detailed aspects are known.
- provides guidance on process to ensure EAs will be prepared in compliance with *national legislation* and OP 4.01.
- serves as guidelines for the development of activities/site-specific Environmental Management Plans (EMPs), Environmental Assessments (EAs), due diligence reports, environmental audits, etc.
- may be purely process-oriented or include technical details for likely common types of project activities.
- may provide specific guidance regarding preferred or acceptable alternatives (siting, technology, etc.).
- outlines training and capacity-building arrangements needed to implement the EMF provisions.
- is an integral part of the project Operational Manual and applicable to all project investments, regardless of funding source or implementing agency.

81. It is a guiding document or a framework in integrating and harmonizing the environment and social management principles at various stages of project preparation and execution.

### 4.2 Application and implementation of the ESMF

82. The application of the ESMF in the design of the project and implementation of the project activities is expected to cover following areas:

- Support to the MoLESS and Local Governments in execution of PMEP by strengthening the capacity of the ESCs in collection and dissemination of information and outreach to the concerned stakeholders. Collection, and processing of the social and gender related information to facilitate participation of women, indigenous people and socially excluded groups in the project activities is emphasized.
- Support to the Local Governments for enhancing their financial capability to promote increased number of participation of women, indigenous people and socially excluded groups by creating increased employment opportunity.
- Avoid and minimize environmental degradation to the extent possible due to either directly or from indirect, induced and cumulative effects of project activities thereby enhancing the positive/sustainable environmental and social outcomes from project activities.
- Support in creating employment opportunity by financing expansion and development of small and medium enterprises by private sector
- Organize stakeholder consultation to avoid and minimize social and environmental risk associated with project activities by developing guidelines and procedures for further consultations with project partners.

- Ensure participation of the communities in decision-making whether they are adversely affected or benefit from the project activities.
- Support compliance of applicable environmental legal/regulatory requirements of GoN as well as of relevant Bank's safeguard policies.
- The proposal requiring land acquisition under government law will not be considered, however the land purchase by the proponent of the proposal for expansion of the enterprise is not restricted.
- There will be provision of Grievance Redress Mechanism from local level to the central level in case of a complaint for project activities.

#### **4.3 Process in the Environmental and Social Management Plan**

83. The process to be applied for the preparation of ESMP includes the following that would be applicable to all the components of the project, selectively, depending upon their type of activities. The last three are mostly applicable to the implementation of component 3.

- Information dissemination* – Through MoLESS, ESCs, municipalities, media- radio, television, newspapers both national and local
- Organization of consultation* with potential job seekers through ESCs informing them of the opportunity available and helping them in placement in appropriate jobs.
- Call for Application* – Public notice in Nepali and in local language to the extent possible with criteria to participate informing all related stakeholders to participate in the project activities MoLESS, ESCs, municipalities, media- radio, television, newspapers both national and local
- Review of Application based on project objectives* – The application should be reviewed for eligibility for participation in the project by examining the information, and due diligence provided by the proponent against the criteria set by the project.
- Scrutiny on relevant social criteria of the GoN and the World Bank* – Enterprise focused on generating employment, Enrollment of the unemployed, participation of the socially excluded ethnic and minority groups in public works, participation of women from disadvantaged group, increasing access to information employment opportunity for the disadvantaged group through local media, community groups at local level.

84. Obtaining required permit from related government agency for establishing the enterprise would be the responsibility of the applicant. However, the MoLESS will extend necessary support for obtaining the approval from concerned government and other agencies.

#### **4.4 Revision/Modification of the ESMF**

85. The ESMF is live document enabling revision, when and wherever necessary, especially during design of project activities. Unexpected situations and/or changes in the project or components design may be required and that needs to be assessed and appropriate measures will have to be incorporated in consultation with appropriate government authorities and the World Bank. Such revisions should also cover updating any change/modification introduced in the legal/regulatory regime of the country.

#### **4.5 Limitations of the ESMF**

86. ESMF at the time of project development is developed in line with World Bank's Operational Policies (OPs) and GoN laws and regulations at the time of preparation of the document. As the country is moving to a federal structure with changes in the regulatory and administrative bodies, the current approach as outlined in the ESMF may need to be revised to meet the requirements of the changing scenario. Site specific data will have to be collected as necessary to assess the impacts and devise appropriate management plan during the project implementation.

## 5 OPERATIONALIZATION OF ESMF IN PROJECT ACTIVITIES

- The framework demands that each project activity will have to go through Environmental and Social screening and followed by assessment where required.
- The ESMF recognizes the need for early environmental and social consideration and mainstreaming these aspects throughout implementation phase.
- A rapid environmental and social analysis of each of the identified community is required to identify likely environmental and social issues in the selected activities.
- Environmental and social screening will have to identify relevant environmental and social concerns as well as suggest any further investigation and assessment, if necessary.
- The Environmental and Social screening may result into the categorization of: i) Negative Listing of Activities, ii) Activities requiring IEE or EIA. iii) The eligible project activities that are not under the IEE or EIA requirements, but their implementation could still have some adverse environmental and social impacts iv) Proposals not requiring assessment beyond screening.

### 5.1 Environmental and Social Screening Criteria

87. In general, projects are identified based on the technical requirements and need assessments. However, environmental and social concerns shall be envisioned right from the stage of project inception and identification to ensure success of the project in a sustainable way. In contrary, it has been observed in the past that the projects selected without considering E&S considerations have failed due to serious implications during execution and may lead to closure of the project. While identifying projects or collecting demands from stakeholders, possible alternatives shall also be foreseen and noted. The project will collect the information on environmental and social setting; possible beneficiaries and generally foreseeable environmental and social impacts of each alternative shall also be collected from the beneficiaries. The project shall disseminate in the beginning to the beneficiaries to choose environment and socially acceptable projects right from the project identification to project rejection and smooth implementation. Therefore, to ascertain the issues mentioned above, every activities proposal including maintenance of public asset and provision of services in component 2 and small and medium business enterprise in component 3 to be funded under the AIGJ is subject to environmental and social screening process before it is selected for inclusion in the project. The screening process establishes the level of environmental and social assessment required and application of exclusion criteria. The screening process intends to identify relevant environmental and social concerns as well as suggest any further investigation and assessment, if necessary. The environmental and social expert of PMU formed at MoLESS will perform the environmental screening of the sub project.
88. The primary objectives of the E&S screening exercise will be to determine the key environmental and social issues/concerns and the nature and magnitude of the potential environmental & social impacts that are likely to arise on account of proposed project/activities interventions. The major or key environmental and social issues to be identified and observed will be assessed by the type, location, sensitivity and scale of the project/activities. The results/findings from this exercise will be then used to determine:
- the need for detailed assessment;
  - the extent and type of Environmental and Social Assessment (ESA) requirement;
  - identify whether the subproject proposals fall under negative list or exclusion criterion set forth in the ESMF.
89. The screening will decide and define the need and level of further environmental/social investigation necessary for each Business Plan together with the National environmental requirements and the screening exercise shall also be in line with the WBG Operation Policies. It will determine if a grant require full EIA, or an IEE, or Environmental Code of Practice (ECP) and social assessment. During detailed proposal preparation, the project will provide services for conducting environmental investigations (IEE or EIA or for preparation of EMPs). Without IEE or EIA or ECP or EMP, and due diligence for SIA, the business plan is incomplete and ineligible for processing for funding. The Environment and Social screening Team will make quick visit to the site and ascertain level of investigation as well as to indicate likely issues/impacts before the grant approval.

90. The business plan for component 3 will be characterized into three categories from environment perspective before making decision to finance and they are as follows:

**Category I:** Proposals falling under the following features will be classified as Category I and will not be eligible for the grant.

1. Effect on natural resources such as forest clearance
2. Requiring fuel wood as source of energy
3. Business requiring permit from relevant government agency for the use of natural resources
4. Significant adverse effect on natural resources – loss of water, forest, wildlife, natural habitat and other environment
5. Hazardous waste generation
6. Any activity that involves sloping greater than 45 degree
7. Projects affecting the international and national heritage site including Ramsar sites
8. Proposal that is likely to eliminate indigenous plant species of ecological significance

**Category II:** Proposals falling under the following features will be classified as category II projects:

1. Business plan (BP) that has adverse environmental impacts but could be mitigated through implementation of environment management plan (EMP). The EMP should be presented along with the BP.
2. BP that requires EIA and IEE
3. The applicant should submit the ESMP along with business plan requiring EIA and IEE

**Category III:** The BP that do not require EIA or IEE but need to adopt Environment Code of Practices (ECoP) and implement measures to safeguard environment and social impact (negative):

1. That cause soil erosion, negative effect to cultivated land
2. That has impact on water resources used for drinking, irrigation and others through quality reduction
3. Capacity building/training programs
4. Vegetable farming
5. Procurement of computers, batteries, and other materials that are environment-friendly in use and after use disposal
6. That cause hazard to human health and community environment

**Category IV:** This category includes activities under component 1 and 2 for which there is no need for the Environment Screening except following the norms of the municipalities but will not require further measures. The above mentioned are the broad criteria to be applied in addressing environmental and social issues. Given the diversity of the project activities, the site specific physical, natural and social-environmental issues will affect the implementation that needs to be investigated and considered in project implementation.

## 5.2 Key Steps for Screening and Environment & Social Impact Assessment (ESIA) Study Framework in Project Cycle for components

*Table 2 Key steps for screening and ESIA study framework*

Project Cycle	Component	Steps in the Assessment Process	Responsibility	Remarks
<b>Project Screening &amp; Pre-Feasibility Studies</b>	Component 1,2 ,3, and 4	<ul style="list-style-type: none"> <li>• To determine key issues and level of study to be performed and appropriateness of site selection</li> <li>• Determination of exclusion criterion.</li> </ul>	PMU taking support from Private entity hired by MoLESS.	PMU may recruit/outsourced professional staffs based on the requirements.

Project Cycle	Component	Steps in the Assessment Process	Responsibility	Remarks
<b>E&amp;S Assessment (for activities that do not require detailed assessment)</b>	Component 1 and 2	<ul style="list-style-type: none"> <li>Preparation of ESMP for activities not requiring detailed assessment (Category II projects)</li> <li>Integration of the ESMP into the Bidding Documents</li> </ul>	PMU and Private entity hired	
<b>Environment &amp; Social Assessment (for activities/businesses that require detailed assessment)</b>	Component 3	<ul style="list-style-type: none"> <li>ESIA/IEE including, but not limited to, comprehensiveness and effectiveness of the stakeholders' participation and to adequately reflect/address their concerns, in case of IPs provisions of FPIC shall be considered.</li> </ul>	PMU and Private entity hired/ business firm receiving grant	
	Component 3	<ul style="list-style-type: none"> <li>Preparation of ESMP: Determination of specific actions to be taken during engineering design and construction stages for infrastructure projects and for others project concept note preparation stages to minimize or mitigate negative impacts and enhance the positive impacts.</li> </ul>		
		<ul style="list-style-type: none"> <li>Report Preparation: Summary of all information obtained, analyzed and interpreted in a report form;</li> </ul>	PMU and Private entity hired	
<b>Activities/Business Approval</b>	Component 3	<ul style="list-style-type: none"> <li>Review and Approval of Safeguard Report/s: Review of report/s to assess if all possible issues have been</li> </ul>	MoLESS	



Project Cycle	Component	Steps in the Assessment Process	Responsibility	Remarks
		<p>adequately addressed to facilitate the decision-making process; decide if project should proceed, or if further alternatives must be examined or totally abandoned.</p> <ul style="list-style-type: none"> <li>• Integrate ESMP into subproject design, bidding documents, AIJG project cycle.</li> </ul>		
<b>Implementation and monitoring</b>	Component 1, 2 and 3	<ul style="list-style-type: none"> <li>• Orient/train the stakeholders, contractors and other field staff on ESMF requirements.</li> <li>• Supervise, Monitor and Regularly Report on ESMP compliance (if contractor is used, environmental and social clauses shall be part of bidding document.</li> <li>• Ensure site clean-up and site reinstatement before completion and Final Bill Payment.</li> <li>• Take corrective actions, if necessary</li> </ul>	PMU, Private entity hired, Respective Provincial Project Coordinator units located in all seven provinces, ESCs at Local level taking support from E&S unit of respective municipalities.	E&S implementation and compliance monitoring shall be carried out by the Environment Unit established in each municipality at LG level/Grantees
<b>Post-implementation</b>	Component 1, 2, 3, and 4	<ul style="list-style-type: none"> <li>• Orient LGs on Operation Maintenance before handing over projects, provisioned in ESMP for operation stage compliance.</li> </ul>	PMU, Private entity/firm	Operation stage E&S compliance monitoring as well shall be carried out by the Environment unit established in each municipality at LG level.

## 6 ENVIRONMENT AND SOCIAL MANAGEMENT PLANS (ESMPS)

91. ESMP includes set of reduction, mitigation measures and institutional arrangement to avoid and minimize adverse environmental and social effect from the project activities. The details of the activities carried out will have to be identified during development of project activities. The magnitude of the environmental management will depend upon the type of activities, for which screening exercise will decide the level of investigation to be carried out for the activities mentioned in category 1, 2 and 3. The project activities identified for financing that are mentioned under component 3 may require detailed investigation of the environmental and social aspects and development of ESMP.

### 6.1 Resettlement Policy Framework (RPF)

92. RPF and RAP is not envisaged under this project, as it is not a major infrastructure project and is mainly focusing on employment generation through support to the public works project of the municipalities. , Activities requiring resettlement is not prioritized for financing, as it involves land acquisition. RPF is required in case the individual loses his property due to the project activities. In case of resettlement, compensation for loss of private property needs to be addressed during project implementation. Generally, if a large section of the community is going to be displaced from project activities, Resettlement Action Plan (RAP) will have to be developed prior to the implementation of the project. Under component 1 no land related issues are envisaged. Under component 2 no land related issues are envisaged as there will be no expansion or widening of the infrastructures to be maintained. The labors supported under the project for the maintenance works will only work on those infrastructures where construction is done prior to the involvement of the project. Some activities in component 3 may require land purchase or land lease to expand their businesses to create more employment opportunities in that case the private enterprise developer will arrange this before getting the grant from the project with necessary land related documentation attached to the proposal.

### 6.2 Social Management Framework (SMF)

93. The social assessment is also an integral part of the ESMF and is required for bank financing. It examines the social aspects of the project in terms of project's likely effect on the participation, access to and control over project resources by the vulnerable section of the society. It investigates effect of project activities on women, poor, socially excluded, and other marginalized population of the society to take appropriate measures to increase their participation in project activities. Information dissemination, their access to this information, educating them and providing training to them to access information and make utilization of it are important to increase their participation. It is also important to look that they are not negatively affected by the project activities. The following will have to be considered in social assessment as per banks guidelines. The activities under component 1, 2 and 3 come under social assessment however, that would vary depending on the type of activities. Information collection and initial screening in terms of the beneficiary categorization will be enough for activities under component 1 and 2. ***More in depth assessment of the social aspects may be required under component 3 and will vary based on type of project activities.*** The following are considered in the social assessment.

- a. *Labor and Working Conditions* – It includes the issues of child labor, the working environment and condition, that includes accommodation, separate changing room, proper hygiene, water and sanitation and if they are of acceptable standard. Equal Wage, working condition, child care also need to be considered.
- b. *Land Acquisition, Restrictions on Land Use and Involuntary Resettlement* – This is important that no displacement, property acquisition and resettlement of the community should occur due to project activities without proper compensation packages.
- c. *Indigenous People* – The rights of the indigenous people or vulnerable community should not be affected by the project activities. If activities have any negative effect on their settlement, livelihood and other activities, the project document will include mitigation measures of potential negative impacts through modification of project design and development assistance to enhance distribution of project benefits.

- d. *Cultural Heritage* – The activities should not negatively affect the cultural heritage in the area. The activities activity should give due attention not to affect the sentiments of the people on local cultural heritage.
- e. *Stakeholder Engagement and Information Disclosure* – Stakeholder engagement from the very beginning of the activities design to encourage their participation and decision-making process should be envisaged. The stakeholder should be given appropriate forum to make their choices and decide themselves on the activities and later during implementation and monitoring.
- f. *Grievance Redress Mechanism* - Another important aspect is to keep activities transparent to the concern stakeholder and their right to information needs to be respected. Also, if there are any grievances about the activity, appropriate mechanism should be in place for public to voice their grievances.

94. **Assessment and Management of Social Risks and Impacts** –The type of risks individual, group or community face and their coping strategy need to be considered and help build their capacity to control adverse effect of the risks. Keeping in view of the project activities, some of the likely social risk and impact assessment is presented in the following table.

*Table 3 Social Risk Impact Assessment*

<b>Activities</b>	<b>Potential Risk</b>	<b>Risk Mitigation</b>	<b>Remarks</b>
<b>Component 1</b>			
<b>Targeted outreach to vulnerable groups through the ESC's outreach strategy and mobilization</b>	Lack of access to information on public employment	<ol style="list-style-type: none"> <li>1. Establishment and facilitation of female jobs clubs, for young women who may need a peer support mechanism as they transition to the formal workforce.</li> <li>2. Information dissemination through various medium and language-print, radio, television, public notice in local language at local places down to the ward level.</li> </ol>	
	Lack of understanding of the public notice.	Support from ESC staff, social mobiliser and local educated person.	
	Lack of women/vulnerable groups specific data base on unemployment	<ol style="list-style-type: none"> <li>1. Organization of women, youth, and other marginalized groups specific information dissemination through local volunteers.</li> <li>2. Mobilization of local women, youth and other CSOs, CBOs, user committees / groups for educating vulnerable groups.</li> <li>3. Creating disaggregated data base.</li> </ol>	
<b>Component 2</b>			
<b>Employment opportunities in maintenance of public assets and provision of services &amp; employability of beneficiaries</b>	Lack of knowledge on job availability	ESCs either itself providing information to targeted potential beneficiaries or through local women/youth/CSOs/CBOs group and others	

	Unable to work due to physical inability	ESCs facilitating in finding appropriate job in coordination with local governments without discrimination by gender, caste, ethnicity	
	Lack of appropriate skills for the job	1. Providing training on required skills for the job 2. Separate training on soft skills provided to women and vulnerable groups where needed.	
	Likely occurrence of gender-based violence in work place	Orientation and training to both male and female on work place behavior, code of conduct, its adherence and likely consequences	
	Likely occurrence of caste and ethnicity discrimination	Priority to IPs/vulnerable groups in the project	
<b>Component 3</b>			
<b>SMEs Business Expansion Plans under Business Plan Competition</b>	Lack of information on BPC to smaller/rural SMEs	BPC management firm to undertake broad base outreach (including using national and local media, social media) to ensure information about BPC is well disseminated	
	Women led SMEs are excluded	1. Technical support to all first round BPC participants to include gender sensitivity 2. BPC selected women led SMEs to get specific TA to manage gender specific challenges in the market	
	Fewer women benefit from jobs created	Women owned SMEs and SMEs that have credible plans to create women friendly jobs will be given additional weightage in the scoring system for the selection process.	
	Likely occurrence of gender-based violence in work place	Training on GBV provided to all BPC participants (both male and female)	

### 6.2.1 Social Screening

95. Social screening will be undertaken at an early stage in project activities by the implementing agencies in case of component 1 and 2. In case of component 3 this will be carried out by the private entity with the help from PMU to collect information on the likely social impacts during implementation. The primary stakeholders are: the households that are poorest of the poor (with an annual cash income less than the wages from minimum 100 days of employment or self-employment) households without any member with minimum employment, subsistence farming household with less than six months of food sufficiency, female-headed, Dalits, and endangered ethnicities; as well as households with martyrs or members who have disappeared during the conflict; and, households with no other physically-abled, working age members.

96. Social screening will collect information on (i) beneficiary population living in the subproject area (ii)

type of project activities and likely involvement of the targeted groups iii) type of activities available for employment to the excluded and vulnerable groups (iv) likely impacts on poor and vulnerable groups (v) needs and priority for social and economic betterment of the socially excluded groups and women, and (vi) factors impeding access to information and knowledge by poor, socially excluded groups and women (vii) likely working conditions for women (viii) likely occurrence of gender based violence in the work place (ix) other impacts.

97. If the screening identifies adverse social issues /impacts due to the project activities, social management plans need to be developed to address the impacts with analysis of each adverse issue/impact.

### **6.2.2 Social Impact Assessment**

98. The Social Impact Assessment (SIA) will be carried out not only to assess the effect of project activities but also to assess the potential constraints in the involvement of all sections of the population, particularly the households that are poorest of the poor (with an annual cash income less than the wages from minimum 100 days of employment or self-employment) households without any member with minimum employment, subsistence farming household with less than six months of food sufficiency, female-headed, Dalits, and endangered ethnicities; as well as households with martyrs or members who have disappeared during the conflict; and, households with no other physically-abled, working age members. If the initial screening shows adverse impact to the local communities, survey or public consultation will be organized to determine the communities to be affected, effect on their livelihood, effect on the public properties, loss of livelihood, number of families to be affected and other parameters depending on the nature of the proposed activities. The project on completion of the survey will disseminate the survey results among the affected community and will take appropriate decisions in consultation with the communities.

### **6.2.3 Avoidance and/ or Minimizing Adverse Social Impacts**

99. The Project will undertake environmental and social screening to make best use of its social planning approaches to avoid potential social issues. The component 3 businesses will be carefully selected to avoid or minimizing the issues related to involuntary resettlement. Therefore, land entitlement and property right issue will be properly analyzed to prevent effect on private and public land due to project activities except the land is in applicant's ownership.

## 7 VULNERABLE COMMUNITY DEVELOPMENT FRAMEWORK (VCDF)

### 7.1 Rationale

100. The project is a nationwide project hence it is difficult to say that it will have specific impact on some IPs only. The project activities are unlikely to have major adverse impacts on vulnerable communities (VC) which includes indigenous people (Janajatis), Dalits, small and marginal farmers, women and landless households as the project component 1 and 2 are directed to benefit them. However, the activities and the locations are not clearly known for the component 3 therefore, the possibility of Vulnerable Community (VCs) or Indigenous People (IPs) getting impacted adversely cannot be fully ruled out at this stage.

### 7.2 Policy Objectives

101. Key objectives of this policy are avoidance of adverse effect on VC, consultation with them in case if it is required, adequate compensation if they are affected and due recognition of their cultural practices. Indigenous/Vulnerable Peoples Development Framework (IPDF) is prepared to mitigate the potential adverse impacts or maximize the positive benefits of the project interventions to IPs which will be integrated into the project components.

102. Social screening will help assess the potential impacts of project activity that require additional VCDF or an IPDP and will be prepared irrespective of the type of impact. Develop appropriate training / income generation activities in accordance to their own defined needs and priorities.

### 7.3 Potential Vulnerable Communities in Nepal

103. Generally, the vulnerable people and communities in Nepal are recognized as those living in remote location who are commonly very poor, landless, marginal farmers living below subsistence level and bonded laborers, woman headed, single women, household with disabled members.

104. The National Foundation for Improving the Living Standard of Adivasi/Janajatis has defined indigenous people as 'those ethnic groups or communities who have their own mother tongue and traditional customs, distinct cultural identity, distinct social structure and written or oral history of their own'. Following this definition, the same source identified 59 groups in Nepal as ethnic indigenous groups or nationalities (1).

*Table 4 Indigenous Groups in Different Regions*

Regions	Indigenous Groups	Total No.
Mountain	<i>Barah Gaunle, Bhote, Byansi, Chhairontan, Dolpo, Larke, Lhomi (Shingsawa), Lhopa, Marphali, Mugali, Siyar, Sherpa, Tangbe, Thakali, Thudam, Topkegola and Wallung.</i>	17
Hills	<i>Baramo, Bhujel, Chepang, Chhantyal, Dura, Fri, Gurung, Hayu, Hyolma, Jirel, Kusunda, Lepcha, Limbu, Magar, Newar, Pahari, Rai, Sunuwar, Surel, Tamang, Thami, Kumal, Yakkha and Tin Gaunle Thakali.</i>	24
Inner Terai	<i>Bankaria, Bote, Danuwar, Darai, Majhi, Raji and Raute.</i>	7
Terai	<i>Dhanuk (Rajbanshi), Dhimal, Gangai, Jhangad, Kisan, Kushubadia, Meche, Rajbanshi (Koch), Satar (Santhal), Tajpuria and Tharu.</i>	11
	Total	59

Source: NFDIN, *Indigenous Nationalities Bulletin (Issue 3) 2005.*

105. Adivasi/Janajatis among themselves are a diverse group who do not come under one economic system. Based on the economic status and social features, the National Foundation for Indigenous Nationalities (NEFIN) 2004 has classified the Adivasi indigenous groups in Nepal into five different categories: (i) endangered, ii) highly marginalized, iii) marginalized, iv) disadvantaged and v) advantaged groups. The National Dalit Commission defines Dalits as most deprived social groups in the country, comprising some 13% of the total population. This group lags behind others in every human development indicator. Countrywide, about 4.5 million Dalits are estimated to be living below the poverty. The status of women, children and girls among Dalits are particularly worse.
106. The vulnerable communities identified for this project will be the groups identified for priority in employment under PMEPP, as this project is in support of PMEPP implementation. Beside, people falling in following groups will also be considered vulnerable
- a. HH below poverty line
  - b. Female headed households
  - c. Dalits,
  - d. HH having differently abled family member
  - e. Marginal (with <0.5 ha) land holders

#### **7.4 Vulnerable Community Development Action Framework (VCDF)**

107. The PMEPP guaranteed a minimum wage of 100 days for those who are unemployed. The project activities under all the components are targeted to generate employment opportunities to the people at the local level, who do not have regular source of income due to lack of employment and are deprived of basic minimum requirement of food and other necessities. Thus, the VCDF is expected to contribute to all three components of the project in ensuring participation from poor, vulnerable communities to gain benefit from the project. The VCDF proposes following measures and designs to include in the project:
108. The following framework provides a road map to ensure participation and creation of enabling environment for poor, vulnerable to participate in project benefits. Implementation of this VCDF will continue the participatory approach to ensure free, prior, and informed consultation with IPs and other vulnerable communities. Core components of this VCDF includes: information outreach and dissemination, establishment of disaggregated database, GRM, vulnerable communities' participation in labor works, training and in jobs created both public and private.

##### **7.4.1 Components of the VCDF**

109. The VCDF proposes following measures and designs to include in the project:
1. Description of the activities and implications for local vulnerable groups, disaggregated data on number and types by category by gender, caste, ethnicity and income level.
  2. Communication and outreach and information dissemination strategy developed,
  3. Documentation of consultations with vulnerable groups and their views about project design and proposed mitigation measures.
  4. Proposed assistance to these groups, including specific criteria for training and income generation activities, employment generation
  5. Specific targeted training and training guideline
  6. Specific guideline related to labor standards, code of conduct, GBV in workplace
  7. Mechanism to ensure regular and meaningful consultations with them on key issues during project preparation and implementation for beneficiary feedback
  8. Institutional arrangement and linkage with other project arrangements
  9. Monitoring and evaluation, indicating where being supplementary to the overall environmental and social monitoring
  10. Cost estimate and financing plan
  11. Implementation schedule
  12. Monitoring and reporting standard and mechanism
110. Specific measures for vulnerable groups including indigenous peoples, Dalits, minor ethnic

communities, women, and deprived communities include- awareness raising, capacity building, enhancing participation, ensuring equal wage for them, providing project information, preferential treatment where required, providing assistance in accessing project resources, training and skill enhancements.

#### **7.4.2 Consultations**

111. Consultation is the cornerstone in planning, preparing and implementing the VCDF. All institutional and non-institutional stakeholders from indigenous/ vulnerable people and their organizations at different levels will be ensured so that good faith consultation and informed decisions are made to positively contribute the process of project preparation and implementation. Two-way information flow between stakeholders and the project is considered essential during all phases of the project cycle to ensure env sustainability and social acceptance of the project. Continued consultations with and participation of IPs, vulnerable communities and other stakeholders are required during the implementation and operation phase of the project. The primary responsibility of public consultation and disclosure of information during project implementation and operation lies with the project.

#### **7.4.3 Preparation of VCDF and Disclosure**

112. The municipalities and the enterprise, in consistent with this framework, will prepare the subproject / component specific plans, once screening of the areas reveals the presence of indigenous/ vulnerable groups in the site and will be disclosed as part of ESMF.

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## 8 ESMF IMPLEMENTATION ARRANGEMENT

### 8.1 Institutional and Implementation Arrangements for ESMF

113. The leading implementing agency of this project will be MoLESS will set up a PMU that will oversee the overall implementation of the project activities, manage the day-to-day operations and provide guidance and training to local level implementation. Project Director who is the Joint-Secretary heading PMEP within MoLESS will lead the PMU. The Component Managers will be the Under-Secretaries of the PMEP who will be supported by sub-component coordinators as needed. The PMU will consist of MoLESS staff and consultants for procurement, financial management, safeguards (Environment and Social separately), M&E and specific technical areas such as employment services, public works, MIS, capacity building, communication, business plan competition, and others as needed.
114. At provincial level, the project will align with the PMEP institutional arrangements as appropriate. In each of the seven provinces, there will be a Provincial Project Coordinator, who will be the Under-Secretary of the provincial Ministry of Social Development (MoSD), supported by an assistant to be financed by the project.
115. At the local levels, the LGs, through the support of ESCs will take on responsibilities for project management covering basic functions of financial management and procurement. To ensure adequate coordination and execution at the local level, ESCs may acquire additional personnel and resources to be financed by the project.
116. The PMU will carry out the selection of the implementation contractor for Component 3 to support the BPC. The PMU will issue and administer contracts to technical assistance providers based on the recommendations of the implementation contractor and will administer grant payments to winning firms in the BPC. The PMU will also assume responsibility for general oversight, quality control and monitoring and evaluation of this sub-component.
117. The institutional mechanism for implementing ESMF is integral to the overall implementation of the project. The Social and Environmental Review/Analysis will be done by municipality offices for component 1 and 2, which will be reviewed by ESC and approved by PMU with support from ESMF specialist. In case of component 3, the ESMF will be carried out by the private entity in coordination with PMU. Responsibility for conducting EA and SA and preparing EMP, RAP etc. lies with the PMU with support from provincial coordination office. The detailed activities must include EA and SA of each activity as well as EMP, RAP, as relevant. PMU will have the services of Social and Environmental Specialists, whenever required. Regular monitoring of each activity is the responsibility of the ESC, while PMU will periodically monitor compliance on sample basis. An independent third party will do auditing at the mid-term beside implementation support missing.

*Table 5 Institutional & Implementation Arrangement under the Project*

S.N.	Organizations	Responsibilities	Remark
<b>Federal Level</b>			
1	Ministry of Labor and Social Security (MoLESS)	Leading Implementing Agency	
2	Inter-ministerial Project Steering Committee (PSC)	Provide policy guidance and cross sectoral guidance	Chaired by MoLESS Secretary, consisting senior officials from the Ministries of Finance, Industry, Agriculture, Education, Youth, Tourism, and other relevant agencies as noted in the steering committee of the PMEP as well as representatives of private sector and non-government agencies.
3	Project Technical Committee (PTC)	Technical guidance to the Project	The PTC consisting officials and technical experts of relevant ministries/agencies as well as the private sector

4	Project Management Unit (PMU)	Overall implementation of the project activities; manage day to day operations and provide guidance and training to local level project assessment implementation and reporting.	Project Director/Joint-Secretary heading PMEP within MoLESS will lead the PMU. The Component Managers will be the Under-Secretaries of the PMEP who will be supported by sub-component coordinators as needed.  The PMU also consists MoLESS staff and consultants/private entities for procurement, financial management, safeguards (Environment and Social separately), M&E and specific technical areas such as employment services, public works, MIS, capacity building, communication, business plan competition, and others as needed.
<b>Provincial Level</b>			
5	Provincial Project Coordination Unit in 7 Provinces	Monitoring and Evaluation of activities within the province and establish linkages and coordination with Federal and Local level.	Provincial Project Coordinator, Under-Secretary of the provincial Ministry of Social Development (MoSD) will lead the unit.
<b>Local Level</b>			
6	Employment Service Centers (ESCs) will support LGs at Local levels.	Responsible for project management covering basic functions of financial, procurement and E&S Safeguard implementation and management.	Employment coordinator at ESCs
7.	Involvement of Local Government	Responsible for Implementation of Public Asset and Provisional Services	PMU will coordinate their activities

## 8.2 Approach for Safeguard Implementation Support

118. The World Bank will support the implementation based on the risks identified and the mitigation measures proposed in the risk section. The implementation support is an important part of the overall collaboration with MoLESS. The World Bank team will provide the necessary support to facilitate achievement of the PDO linked to the results/outcomes defined in the results framework. The support will be focused on four dimensions: technical advice, fiduciary management, safeguards, and M&E. The World Bank team will closely monitor the implementation of ESMF and VCDP (TBD) and other social aspects during project implementation to ensure compliance with the World Bank's safeguard policies. The safeguard specialists will join the implementation support missions and visit the project sites twice a year. The World Bank team will monitor the activities to ensure that there are no negative environmental impacts during the implementation. The involvement of the relevant experts is presented in the following table 1.1. The World Bank safeguard team will provide support through regular communication and meetings, regular supervision missions, technical assistance in thematic areas, project document review, and routine communications.

## **9 CAPACITY BUILDING FOR INTEGRATED ENVIRONMENTAL AND SOCIAL MANAGEMENT**

119. The institutional analysis for implementation of ESMF indicated that, MoLESS does not have the required capacity to carry out ESMF work. There is no environment section or unit within the MoLESS. There exist Environmental and Social Management Capacity at the municipalities level through the sectoral offices, however it is not clear how far these could be mobilized for project activities. The project should provision for the expert input by hiring Environmental and Social Consultant in an intermittent basis to support the project activities to fill in the existing gap in MoLESS and the PMU.

120. The experts will provide following services:

- Supporting MoLESS and ESCs in the ESMF development wherever required.
- Monitoring and supervision of the project activities for the compliance of the ESMF requirement in project activities in intermittent basis on certain interval (3-6 months).
- Imparting knowledge and training on ESMF to government officials and other stakeholders.
- Private entity to have their own Environmental and Social expert in case of component 3 that requires intensive ESMF work based on the type of activities

## 10 MONITORING AND AUDITING ARRANGEMENTS

121. The proposed project’s PMU will have the primary responsibility for all monitoring and reporting activities required for the project including safeguard. A rigorous monitoring and evaluation (M&E) system will be developed and established in order to measure the project’s progress towards the main and intermediary results indicators. PMU will constitute of Safeguards Specialist with a mechanism to increase accountability, such as a GRM designed to receive complaints will be developed during the implementation of the project. The project may design an impact evaluation that will analyze the impact of the project key interventions, i.e. employment services.
122. Moreover, other surveys and assessments will be built into the project to produce various reports: (i) beneficiary surveys; (ii) spot checks; (iii) process evaluation; iv) Studies that require ESMF implementation and (v) impact evaluation. The PMU will produce timely progress reports to monitor outputs and results against achieving the PDO. The format of these reports will be agreed upon with the Bank and reflected in the project implementation manuals. A comprehensive mid-term review (MTR) will be carried out 18-24 months after project effectiveness and will involve all project stakeholders.
123. In addition, both the PMU and the World Bank will prepare an Implementation Completion and Results Report (ICR) within six months of project closing.

*Figure 1 Project Institutional and Implementation Arrangement in Federalism*

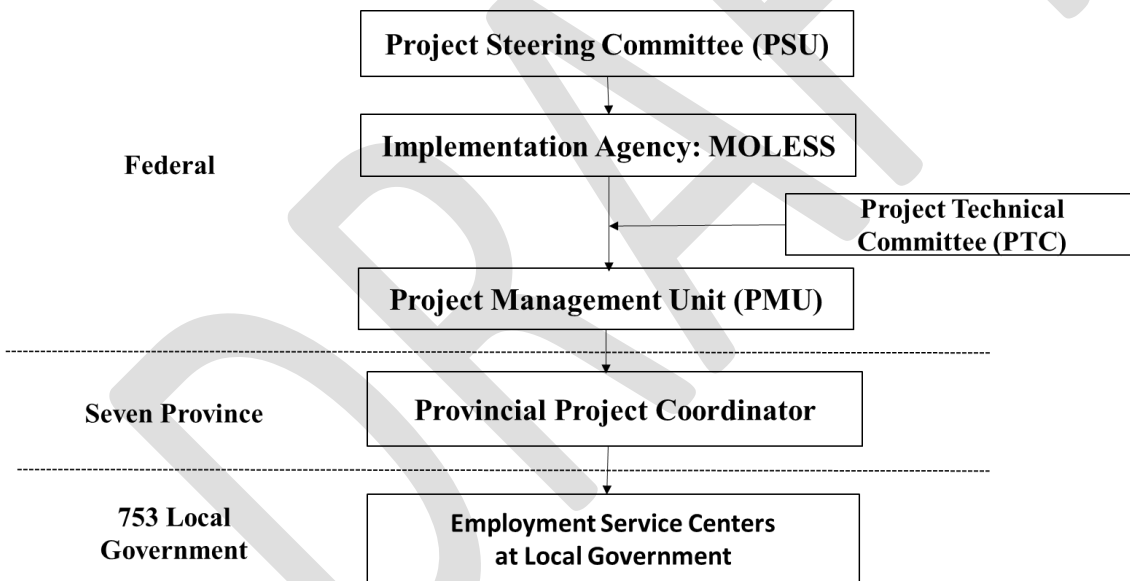
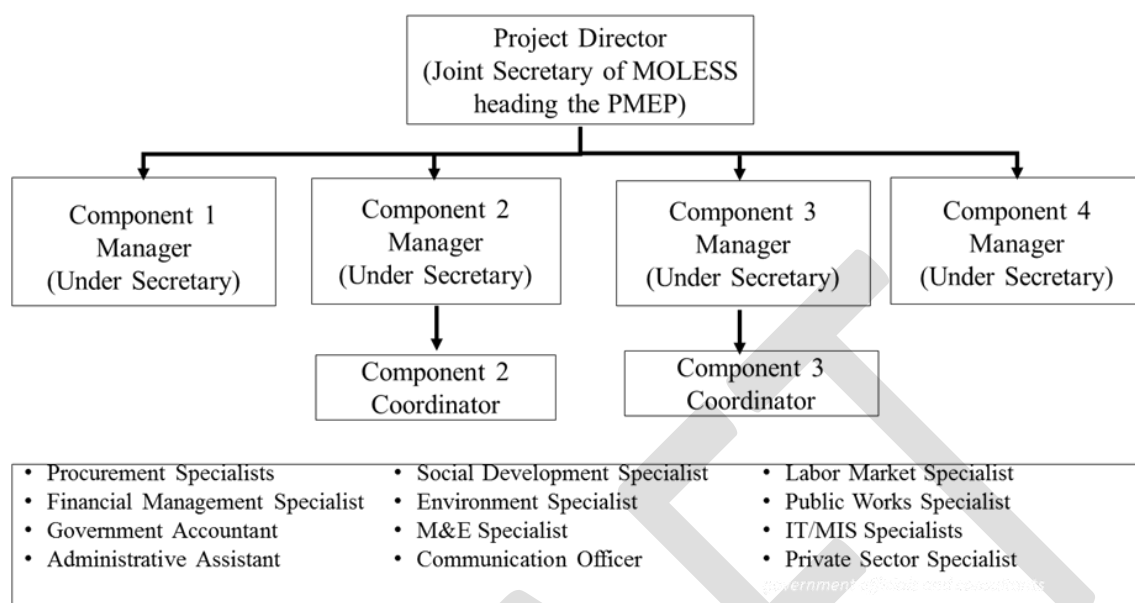


Figure 2 Project Management and Unit Structure



*Note: The PMU will consist of government officials and consultants. Personnel needs listed in the box above are indicative. The PMU structure will be revisited when the PME's institutional set-up is finalized.*

### 10.1 ESMF Disclosure and Dissemination

124. The ESMF disclosure and dissemination stages in this project are highlighted in the table below.

Table 6 ESMF disclosure and dissemination stages

S.N.	Stages of Project	Information dissemination Approach and targeted audience	Remarks
1.	Preparation of ESMF	Disclosure by Uploading in to website of MoLESS and the World Bank	A copy of ESMF shall be provided to requested person/parties who are interested to review it.
2.	Project Implementation Stage	The experts/firms/contractors recruited by the project will disseminate the components /aspects of ESMF to stakeholders including local community local political representatives.	

S.N.	Stages of Project	Information dissemination Approach and targeted audience	Remarks
3.	Monitoring and Evaluation Stage	The ESMF compliance and need for improvements will be shared by project to recipient institutions along with disclosure of M&E report	<p>The process of participatory monitoring and evaluation (M&amp;E) is advisable. The process should also ensure that the project benefits have properly reached the affected people and the execution of the project sticks its original designs so that social compliance is achieved.</p> <p>Following tasks are essential in this stage:</p> <ul style="list-style-type: none"> <li>• Ensuring the implementation of the ESMF and timely delivery of entitlements (Consultation Role)</li> <li>• Ensuring that the ESMF is implemented according to a designed plan</li> </ul> <p><b>Reporting (Information Role)</b> Reporting is an important aspect of the M&amp;E process. Periodical reporting is important to generate information on the progress of the work under taken. The status of the implementation of the ESMF and progress must be documented.</p>
4.	During Reporting Stage	The details of ESMF compliance in project and related aspects are prepared and sent to recipients' institutions.	Based on findings of annual project report.

125. During the preparation of ESMF, the consultations were held with the central level stakeholders and project personnel.

## 10.2 Grievance Redress Mechanism

126. GRM mechanism will be established or strengthened at the ESC, PMU and MoLESS. This will ensure attending peoples concern at various level and through different means they can lodge their complaints. Initially, the staffs recruited by the government and the additional staffs supported by this project at the ESC level will collect grievances through personal, written, verbal, anonymous complaints lodged by the by the affected people. They will process the information and notify to provincial coordinator and the PMU. The complaint can be lodged directly at the PMU as well, if the person feels appropriate. These complain will be addressed and settled at ESC to the extent possible. Any grievances that cannot be handled by the ESC will be forwarded to the PMU with all the required information. The PMU will respond to these grievances and PMU may direct the ESC or undertake appropriate measures by itself. For handling grievances not resolved through the PMU, will be sent to Project Steering Committee (PSC) chaired by the Minister. There will be delineation of the authorities at these levels in terms of addressing the issues. The effort will be to sort out issues at ESC and if not, that will be referred to the PMU level.

127. Disputes are expected to be minimal because of the nature of the project and it is expected that through a participatory process, grievances can be minimized. However, it is necessary to establish an effective grievance redressed mechanism to address complaints/grievances related to environmental and social issues that may arise. Any grievances and objections regarding the environmental concerns of the project will be referred to the Grievance Redressal Committee (GRC) to be formed at MoLESS.

### **10.3 Environmental and Social Monitoring and Auditing**

#### **10.3.1 Environmental and Social Monitoring**

128. Compliance to the environmental processes as well as implementation of necessary mitigation measures/actions will have to be carried out at municipal level. The municipality will have to do in case of component 2, whereas the private entity outsourced to implement the component 3 will have to carry out this with support from the PMU and provincial project coordinator including all the regular monitoring of businesses under component 3 and findings of this should report to MoLESS, to provincial project coordinator and the PMU on trimester basis. Any activity requiring detailed investigation will be handled by the PMU with support from the private entity employed to administer the component 3.

129. The Environmental and Social Specialists (ESS) hired by the project will periodically (on trimester basis) visit randomly selected samples of activities/businesses supported under component 1, 2 and 3. Findings of this will be reported to the PMU and feedback is provided to the relevant implementers. Environmental and Social monitoring will be an integral part of the project.

130. The compliance to the environmental and social safeguard measures during the project implementation will be monitored and necessary corrective measures will have to be implemented in the design, approval and implementation of the project activities. This will be carried out from local level (municipal, provincial) to central level (ministerial) by the designated agencies. Besides, regular monitoring, and periodic assessment, evaluation of the outcomes will also be carried out by internal agencies and by independent outside agency.

#### **10.3.2 Environmental and Social Monitoring Criteria**

131. The ESMF requires detailed supervision, monitoring and evaluation of the impact of the subproject on the environment and social spheres. The Project needs to establish a Monitoring & Evaluation (M&E) system to ensure ESMF's provision implementation during execution of the project activities. The MoLESS taking support from PMU at Federal level, Province level, Provincial Project Coordination Unit established in 7 Provinces and ESCs will support LGs at Local levels. At present, the capacity of ESCs at LG level to supervise and monitor the project activities yet to be ascertained. Hence, ESCs may take support from Environment Unit already established in respective municipalities to supervise and monitor activities at local level. The recipient institution (MoLESS) has the prime responsibility for regular monitoring, besides project is responsible for compliance monitoring as well as final evaluation.

132. The regular monitoring includes;

- Adherence to ESMF by the Project;
- Compliance with ESMF including mitigation measures by the Grantees;
- Compliance monitoring of contractor in construction works;
- Regular on site environmental & social monitoring.

### **10.4 Proposed Monitoring and Reporting Framework (Types of Monitoring) for the Project**

#### ***1. Regular (Monthly & Quarterly) Monitoring***

133. As per the ESMF, the regular monitoring will be performed by the recipient institution (MoLESS) taking support from hired agencies (private entity). Environmental status, mitigations works implemented, difficulties encountered and unforeseen issues etc. will be reported in each progress report. The checklist, forms, formats, guidelines of ESMF shall be followed.

#### ***2. Third Party (independent & external) Monitoring***

134. The external and independent monitoring will also be carried out by independent firm or expert (Consulting Services) to ascertain the performance of E&S implementation during execution of the project activities. The external and independent evaluation will be carried out at the end of first year of project implementation, second evaluation will be midterm evaluation and third and final monitoring will be carried out at the end of the project which will also provide insight to the project completion report. The third party (independent & external) monitoring report shall be prepared and submitted to MoLESS

and will also be shared with WB. The Terms of Reference (ToR) for consulting services to undertake Environmental and Social Audit is attached in Annex 3.

### 3. Contractors Compliance on ESMF

135. The contractors engaged through sub-components/businesses under the project (particularly for component 3) are also principle stakeholders in the project whose roles and responsibilities are to identify and mitigate the adverse impacts right from the beginning. Therefore, contract document needs to clarify the roles / responsibility of contractors which need to be mentioned under the environmental and social requirements in contract clauses while preparing the bid document by the recipient institutions (MoLESS) taking support of project's environment specialist. The following are some of the generic requirements recommended for inclusion in the contract document.

- Construction materials from approved site, and of standard quality (good housekeeping);
- Reclamation of the quarry site and filling up of borrow pit after the completion of the work;
- Maintain health and sanitation of the labor camp (if such camp is envisaged in work),
- Maintain separate quarters for men and women labors including separate toilets (if this is envisaged)
- Development of code of conduct covering GBV in the workplace, sexual harassment, labor standards.
- Proper disposal of spoil at designated tipping sites (approved by the project officials) and no spoils will be allowed to dispose on hill slopes, water bodies and other environmentally sensitive areas;
- Adequate provision of PPEs to the labors and maintenance of Occupational Community Health and Safety (OCHS) provisions;
- Restriction on the usage of forest products, hunting and poaching by laborers;
- Provisions to recruit as many local laborers as possible (priority will be given for poor, marginalized and Dalits);
- Prohibition to use of child labor (below 16 years age);
- Employment to at least 33 percent women laborer in construction;
- Ensure life insurance of the laborers, no workers will be allowed to possess the site without having insurance;
- Ensure proper construction planning such as using less noisy equipment, safely storage of construction materials, regular servicing to vehicles etc.

136. The monitoring of contractor's compliance shall be carried out by the ESCs or the environment specialist from the respective municipalities at local level. The status of contractor's compliance monitoring shall be recorded and recipient institutions (MoLESS) shall take necessary actions to correct the noncompliance (if any).

*Table 7 Key Steps for Environment & Social Monitoring and reporting*

Monitoring Type	Project Stage	Responsibility	Monitoring Aspects	Remarks
Regular	Execution	PMU with required guidance/ technical support from Private entity	<ul style="list-style-type: none"> <li>• E&amp;S status at site, mitigation works implemented, difficulties encountered, unforeseen issues etc.</li> <li>• ESMF and EMP compliance</li> <li>• Contractor compliance with the bid documents etc.</li> </ul>	Regular Monitoring report prepared by PMU for MoLESS as part of the MPR.
Quarterly	Execution	PMU	Compilation of MPRs	QPR to MoLESS and the WB



Monitoring Type	Project Stage	Responsibility	Monitoring Aspects	Remarks
Third Party (external and independent)	<ol style="list-style-type: none"> <li>1. After the distribution of the Grants</li> <li>2. Middle of the project</li> <li>3. End of the project</li> </ol>	PMU out sourced independent experts/firms	<ul style="list-style-type: none"> <li>• Review performance of E&amp;S safeguard implementation per the EMF and the adequacy of ESMF prepared for the project.</li> </ul>	Third Party monitoring report to MoLESS and WB

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## 11 ESMF BUDGET

137. The total cost for the implementation of the ESMF is estimated at USD 0.26 million over the project period of five years excluding the cost of overall project M&E. This includes cost for procurement of consulting services, monitoring and auditing, but does not include the cost for mitigation measures that needs to be implemented by each Grantees (SMEs supported under the project).

*Table 8 ESMF Budget*

<b>Activity</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Total</b>
Environment Specialist	16,000	16800	24,000	25,200	26,460	<b>108,460</b>
Social Specialist	16,000	16800	24,000	25,200	26,460	<b>108,460</b>
Environment & Social Audit			20,000	20,000		<b>40,000</b>
<b>Total</b>	<b>32,000</b>	<b>33,600</b>	<b>68,000</b>	<b>70,400</b>	<b>52,920</b>	<b>256,920</b>

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## ANNEXES

### Annex 1. Environmental Screening Criteria

S.N.	Checklists	Compliance to the standards/criteria		
		Yes	No	No information
1	Does this project likely to cause soil erosion? / harm cultivated/arable land?			
2	Does this project harm involve construction activities?			
3	Does this project degrade/reduce the quality of the drinking water?			
4	If this project will use chemical fertilizers in excess to prescribed limit?			
5	If this project will use pesticides in excess to prescribed limit?			
6	Does the proposed project/activity intend to use or is dependent on forest resources and any critical aquatic and terrestrial habitat area?			
7	If the proposed project being implemented in areas close to or inside national parks or protected areas?			
8	If the proposed project being implemented in areas forest or wildlife areas other than national parks and protected areas?			
9	If the project likely to loss biodiversity and harm young leaves/twigs in the forest area?			
10	If the project being implemented in the areas surrounding water bodies, lakes and ponds and intend to use or depend on them?			
11	If the project being implemented in areas located in high risk zone such as landslide prone area, steep slopes, highly degraded land in hills, riverine area susceptible to annually flooding, or in areas causing large-scale soil erosion?			
12	If the project requires land clearance on very steep slopes?			
13	If the project being implemented in the areas surrounding heritage site/religious temple/religious site/grave yard?			
14	If the project requires logging?			

S.N.	Checklists	Compliance to the standards/criteria		
		Yes	No	No information
15	If the project endangers indigenous plant species of ecological significance?			
16	Does this project cause/involve in any activities which could harm human health/create hazard			
17	If the project use banned pesticides and chemicals?			
18	Does this project or its activities cause transfer of communicable livestock diseases?			
19	If this project likely to cause any other negative environment effect apart from those listed above (1-18). If yes, list them			
20	If the project has formulated EMP? If response is “No” to 1-19 questions? Please note that the project shall not finance if there is even is one “yes” in above 19 questions			

## Annex 2. Checklist for Social Screening

S.N.	Checklist for Social Screening	Yes	No	No information
1	If the information on employment availability is known and accessible to all the targeted audiences (unemployed)?			
2	If the information disseminated are understandable to all the targeted audience?			
3	If the mediums (print media, radio, television, notice at local public places) used for the dissemination of information appropriate and useful to the targeted audience?			
4	Do the targeted audiences have access to ESC and concerned local government offices for clarification on the notice published?			
5	Is there discriminatory wage system by virtue of gender, caste, and ethnicity?			
6	If the project has provided adequate skill and training to the potential candidate for employment?			
7	Do candidates have knowledge on registering complain before and after employment in case of discrimination?			
8	Do candidates receive orientation/training on appropriate norms to be followed in work place?			
9	If the project has activities that are likely to cause irreversible adverse impact on indigenous communities, women and vulnerable groups?			
10	Does the project include any activity that promotes or involves incidence of child labor?			
11	If there is risks in the project of spread of communicable diseases such as STDs and HIV/AIDS due to increased labor force?			
12	Will there be a mechanism to address grievances from the beneficiaries?			

13	If the proposed training venue accessible to all and GESI friendly like separate toilets, adequate lighting etc.			
14	Are there any risk of GBV due to both male and female beneficiaries working together?			

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## **Annex 3. Terms of Reference for Consulting Services to undertake Environmental and Social Audit**

**Terms of Reference (TOR)**  
**for**  
**Consulting Services to undertake**  
**of**  
**Environmental and Social Audit of Accelerating Inclusive Jobs Growth for Youth in Nepal**

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### **1. Background**

The purpose of the environmental audit for “**Accelerating Inclusive Jobs Growth for Youth in Nepal**” is to ensure that implementation adheres to all relevant National environmental laws, regulations, standards, plans and policies, World bank safeguard policies and that environmental management tools, Environment and Social Management Framework (ESMF) developed following for the project are used effectively to mitigate against environmental impacts. In conducting the environmental audit, the aim is to identify and correct environmental concerns that arise with the implementation of the project, whether identified or not during the assessment process. The recommendations seek to ensure that proponents of projects comply with environmental requirements and regulations in implementing the projects. If any gaps are identified in the audit, corresponding mitigation measures and monitoring arrangements should be developed in the forms of an environmental management plan.

### **2. Project Description**

#### **2.1 PDO Statement**

The project development objective is to create quality jobs and enhance labor market outcomes, especially for youth.

For the purposes of the project, youth are defined as individuals aged 16–34 years. This definition largely overlaps with Nepal’s official definition (ages 15–40 years); it is consistent with the “extended youth” definition applied in other research internationally; and it is appropriate, given that sizable shares of men and women ages 15–24 years (24 percent and 17 percent, respectively, in 2010–11) are still attending education institutions. Because Nepalese law considers individuals as children at age 15 (GoN 2000), this project sets the minimum age for youth at 16.

#### **2.2 PDO Level Indicators**

The project aims to support an integrated set of supply side and demand side interventions to improve job outcomes, especially for youth. The PDO-level indicator that will measure enhance labor market outcomes for youth and capture the creation of quality jobs include:

- a. Employment Service System established and functional
- b. Number of jobs created in the private sector
- c. Number of beneficiaries of Social Safety Net Programs (public works), of those female

#### **2.3 Project Components**

In order to achieve its development objectives, the project, over a five-year period is expected to support four components. Component 3 will support job creation in the private sector, where the project will finance job creation by accelerating investment in labor intensive, growth-oriented businesses in selected provinces. Component 4 will support the implementation of the project and its management, capacity building, and monitoring and evaluation (M&E). Component 1, 2 and 4 will be financed across the whole country, while component 3 will be financed only in 2-4 provinces. The project will be implemented by the Ministry of Labor, Employment and Social Security (MoLESS).

## **Component 1: Strengthening of Employment Promotion Systems and Services**

The main objective of Component 1 is to support the GoN in building a platform for systematic approach to provision of employment promotion services. The Component will achieve this through: (i) increasing access to employment opportunities through a one-stop shop approach to delivery of employment promotion services and (ii) development of a holistic national employment information management system (EIMS) to support program management and employment policy formulation.

*Component 1a: Increasing access to employment opportunities.* In order to support effective and systematic provision of employment promotion and unemployment support services Component 1a will finance: (i) strengthening of ESC's capacity for outreach to and registration of unemployed and jobseekers; (ii) provision of support to the registered to identify and access tailored employment support options; and (iii) coordination and monitoring needed at the local level for effective PMEP implementation.

*Component 1b: Development of holistic national employment management information system (EMIS)* Component 1b will finance enhancement and integration of management information systems necessary for the efficient and effective functioning of employment promotion services in Nepal (including PMEP). This will include assessments of existing systems, identification of needed design enhancements, hardware and software procurement and capacity building necessary to ensure that information from these systems is effectively utilized for program management and policy making. Component 1b will support activities around five major areas: (i) Strengthening of unemployment and jobseeker registration, monitoring, and updating functions in ESC MIS; (ii) Enhancement of PWP module in the MIS; (iii) Expansion of jobs portal functionality; (iv) System integration into a holistic EMIS; and (v) Data utilization capacity building.

## **Component 2: Improving labor market outcomes of the vulnerable**

Component 2 aims to improve labor market outcomes of the vulnerable unemployed through the efficient delivery of labor-intensive public works (PWP) with a "plus" package under the PMEP. The "plus" package adds the provision of on-the-job training and life skills to the PWP beneficiaries with an aim to improve the productivity and employability of the beneficiaries.

*Component 2a - Creation of employment opportunity in maintenance of public assets and provision of services.* This activity will complement PWP activities financed through the LG development plans and aims at improving access to and quality of services by maintaining the functionality of key public assets. This component will support job creation in maintenance of public assets and provision of services. The activity will finance cash benefits for an average of 30 individuals per LG that will work for 100 days per year. Therefore, the activity will benefit around 22,590 jobs around the country creating about 2,259,000 workdays a year. The beneficiaries will be selected from the ESC information system that have the list of registered unemployed in the LG. Individuals can be selected individually by LGs or by firms selected by LGs to manage the implementation of maintenance of public assets and provision of services. This activity will only finance the cash benefits and must be complemented by LG budget that will cover the costs of material and equipment needed for the selected tasks. Moreover, the cash benefits paid to workers will be transferred as conditional grants to LGs.

*Component 2b - Improving employability of PWP beneficiaries.* The PWP "plus" component will enhance the productivity and employability of PWP beneficiaries through the provision of up to 10 days of a combination of: (a) *on-the-job training activities on relevant trades and occupations.* For example, workers employed as manual laborers on a construction project may be offered training in building skills such as bricklaying or masonry. (b) *life skills training.* For example, individuals may be offered training in self-esteem, goal-setting, decision-making, communication, financial literacy and reproductive health. This subcomponent will also support the targeted outreach campaign for youth.

Both component 1 and 2 will formulate their activities and objectivities within the parameters of the GoN's Prime Minister's Employment Program (PMEP).

## **Component 3: Job Creation in the Private Sector**

The objective of this component is to generate better jobs by accelerating investment in labor intensive, growth-oriented businesses in select provinces. This aligns with the Government's policy on job creation,



which aims to support the creation of sustainable better jobs, especially for low-income workers and provide an alternative to migration. The component will offer an integrated package of technical (*Technical Assistance to grant recipients*) and financial assistance (*Jobs-linked grants to support firms' expansion plans*) to firms with credible expansion plans to create sustainable jobs. The activities will focus on helping growth-oriented SMEs improve their commercial viability, financial position, and operational efficiency, thereby increasing their productivity and improving prospects for increased investments and employment generation. The Business Plan Competition (BPC) will be administered by a private entity, contracted by the Government of Nepal. The entity will be responsible for managing the Business Plan Competition and supporting companies in identifying, accessing and monitoring specific technical expertise provided through a range of professional service providers.

*Jobs-linked grants to support firms' expansion plans:* The grants will help approximately 1,000 firms implement expansion plans which improve their competitiveness and create new direct and indirect jobs. The project aims to cap grants at a maximum of 20% of the financial cost of the expansion plan to ensure minimum level of concessionally to crowd in commercial investment, with flexibility to adjust the cap during implementation as per requirements. The grant will be allocated competitively to commercially viable firms with sound business plans based on: (i) the estimated number of direct and indirect jobs created with the investment; ii) the cost of expansion and (ii) the grant amount requested. Grants will be provided in the range of US\$10,000 to US\$50,000 averaging \$25,000 per firm for 1,000 firms and will leverage access to equity and loan finance (at least 80% of total investment). The disbursement of grants will be tied *pari passu* to the mobilization of the complementary private finance; and to demonstrated advances in the implementation of the expansion plans. The component will be rolled out in phases and will focus on regions with high potential for job creation and large labor surpluses.

*Technical Assistance to grant recipients:* The component will support beneficiary firms receiving grants to implement their plans by improving their managerial capacity, production efficiency, technology, corporate governance, legal and statutory compliance, financial management, team capability and market linkages. The winners will be provided one to one coaching/hand holding, and personalized training based on their specific demand for a period of 18 to 24 months. The integrated package of services will be provided by a list of business development service providers (incubators/accelerators) selected through a competitive process. The package of technical assistance will be holistic and tailored to the needs of the firms and will include additional support to making work places more women friendly. Selected female entrepreneurs will also be provided additional coaching and mentoring as required to enable them to overcome challenges they face to grow their businesses.

#### **Component 4: Project Management, Monitoring and Evaluation and Capacity Building**

Component 4 will support: (a) the establishment and maintenance of an effective implementation arrangements at federal, provincial and local levels; (b) the set-up of a monitoring and evaluation mechanism to track the progress and conduct evaluation; and (c) the capacity building programs for project management, PMEP service delivery, and cross-components activities.

#### **3. Scope of work**

Carry out social audit of environmental and social safeguard planning and implementation of different activities. Identify issues, gaps and shortcomings in planning and implementation of environmental and social safeguard measures and recommend specific measures to address shortcomings.

#### **4. Specific Tasks:**

The consultant shall carry out the following specific tasks:

- Review available activities specific reports including design reports to assess the approach considered for planning the safeguard works.
- Review documents related to environmental social assessments, details of stakeholder consultation and engagement, and Grievance Redress Mechanism arrangement
- Assess if the approach adopted follows the government's legislative requirements related to safeguards and as well as of the World Bank's social safeguard policy requirements.

- Assess the compliance of ESMF
- Conduct field visit (baseline survey) to the sub project sites and carry out consultation with affected communities and other stakeholders to investigate compliance with proposed mitigation measures and to identify potential impacts that are not being adequately identified or dealt with by project, or communities.
- Identification of environmental and social risks that are not being fully addressed or mitigated
- Identify any weakness or gaps in the subproject environmental and social safeguard compliance measures
- And recommend mitigation measures to improve the operating and environmental conditions and long-term sustainability of those facilities/enterprises and activities of the project.

## **5. Approach and methodology**

Date survey and on-the-spot survey of SMEs/enterprises. Sample should constitute 15% of the total Enterprises receiving the grant. The sample should cover all typology of enterprises (agriculture, natural resource, production etc.) receiving the grant. Data survey/sampling should collect relevant information and understand basic process and activities, development history of enterprise, including geographic location, time and current operation modalities, technology and adopted safeguard measures etc.

## **6. Reporting requirements (Outputs):**

A report setting out:

- Summary of the activities/businesses visited and investigate
- Approach and methodology
- Status of ESMF compliance
- The status implementation of mitigation measures
- Details of compliance status and, mitigation measures,
- Stakeholder consultation carried out during subproject preparation
- Grievance redressal arrangements
- Summary gap analysis matrix from safeguard planning and implementation point of view.
- Recommended mitigation Action Plan for improving environmental and social safeguard compliance

## **7. Qualification Requirements:**

Environmental Audit Consultant/firm must be familiar with laws and regulations of national EIA, labor laws, Occupational and health requirements, technical standards with experience in environmental audit.