

**Dedicated Grant Mechanism for Indigenous
Peoples and Local Communities in Nepal
(DGM Nepal Project)**



**Environmental and Social Management
Framework (ESMF)**

Rural Reconstruction Nepal (RRN)

**April 2022
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Executive Summary

The Dedicated Grant Mechanism (DGM) for Indigenous Peoples (IPs) and Local Communities (LCs) Nepal project supports technical, institutional, communication, and negotiation capacities of forest-dependent IPs and LCs to enhance their capacity of sustainable forest management, tenure security, customary governance, improve livelihoods, as well as their meaningful and effective participation in Reducing Emissions from Deforestation and Forest Degradation and the role of carbon stock enhancement in developing countries (REDD+) policy dialogues. Under the component 1, the project also supports capacity-building for the implementation of Nepal’s ERP Benefit Sharing Plan (BSP) to facilitate inclusive and transparent access to benefit-sharing mechanisms for eligible IPs and LCs by supporting in the preparation of investment plan . Success in achieving the DGM Nepal project objective is measured broadly with two (and other intermediate result indicators) project development objective indicators.

- Indicator 1: Targeted beneficiaries with increased capacity for Sustainable Forest Management (SFM) and forest-based activities supported by the project (% , disaggregated by gender and indigenous/non-indigenous group);
- Indicator 2: Targeted beneficiaries with increased roles in REDD+/forest policy processes at local, national, or global levels (#, disaggregated by gender and indigenous/non-indigenous group).

The project has three components:

Components	Key focus areas
Component 1	Capacity building for IPs and LCs for sustainable forest management (SFM), to secure community forest user rights with recognition of traditional livelihoods and customary governance, and to engage in policy dialogue on REDD+ (US\$1.5 million).
Sub-component 1.1	Capacity Building for IPs and LCs for SFM and securing community forest use and management rights with recognition of traditional livelihoods and customary governances (US\$1.1 million).
Sub-component 1.2	Strategic engagement in national and global policy processes and dialogues on REDD+ (US\$0.4 million)
Component 2	Competitive Grants to Support IPs and LCs Income-Generating Activities resulting from SFM (US\$1.9 million).
Sub-component 2.1	Demand-Driven IPs and LCs Sub-projects (US\$1.5 million).
Sub-component 2.2	Training and Sustainability Assistance (US\$0.6 million).
Component 3	Project management, monitoring, and knowledge (US\$0.9 million).

The DGM Nepal project will be implemented in Madhesh Province (Previously Province 2 as per the Project Appraisal Document and renamed Madhesh Province) and Lumbini Province as a complementary and supportive initiative to the World Bank’s Forest Investment Program (FIP)-Forests for Prosperity Project (FFPP). The capacity building plan or the implementation of the BSP will be applied in additional Chitwan, Nawlpur, Kailali and Kanchanpur Districts in the Terai

Arc Landscape. The direct beneficiaries of the project include the different levels (i.e., federal, provincial, district, local, and communities (e.g., community forest user groups and youth and women groups)) of IPs and LCs organizations (i.e., federations and associations). The individual members of IPs and LCs organizations (i.e., federations and associations) including women, youths, elderly people, and differently able persons will be the

end beneficiaries of the project. IPs and LCs organizations will develop sub-grant proposals and implement them upon selection through the call-for-proposals.

The institutional arrangement of the project includes the National Steering Committee (NSC) which provides strategic guidance and oversight, approves National Executing Agency (NEA) work plan, reviews and makes decisions on eligible sub-project proposals. The NEA (i.e., Rural Reconstruction Nepal – RRN) through Project Management Unit (PMU) is responsible for the execution of the project including fund disbursement, monitoring and reporting, fiduciary, and environmental and social risk management.

This Environmental and Social Management Framework (ESMF) document has been prepared to provide a framework for effective assessment and management of the environmental and social concerns and risks that are may emerge during the implementation of the DGM Nepal project. The document is the outcome of an iterative participatory process of a combination of an extensive review of relevant literature followed by several consultations with the NSC members and provincial IPs, and LCs associations, federations, and networks.

The DGM Nepal project is rated as a Moderate risk project based on the World Bank Environmental and Social Risk Classification, since it is not expected to have significant environmental and social impacts. However, this ESMF has been developed to help manage and mitigate any environmental and social risks and impacts generated through project activities. The framework document provides systematic guidance and procedures for the screening of activities and identification of environmental and social risks and impacts that are likely to be generated during the implementation of the project, identifying mitigation measures, development management, and monitoring plans to address these risks and impacts.

The key environmental risks under the project include the risk of loss of endemic plant species thereby decreasing forest diversity which can arise from unsustainable and over-harvesting of some specific and high-value forest products for the operation of forest-based enterprises. Other risks also include the degradation of ecosystem services and habitat loss which can result from the extraction of forest products in and around critical sites including water sources and critical wildlife habitats. Methodological inconsistency of community-based and national forest monitoring will occur. Other environmental impacts might be from selective logging which may reduce the number of mother trees and spread of invasive alien plant species. Wealthier IPs and LCs can rationalize the application of SFM and REDD+ for the restriction of access to forest products, this can cause loss of livelihood options of high forest-dependent and income-poor IPs and LCs. Training on climate change mitigation programs such as REDD+ can raise expectations among forest users, IPs, and LCs. This can also increase the risks of monoculture exacerbating biodiversity. This can also create the risks of displacement of resource use, particularly from community forests to the national forests and public land forests. Besides, the promotion of some traditional-knowledge-based (e.g., art, handicraft, and housing architecture) and off-farm (e.g., goat rearing) income-generating activities may increase the demand for forest products. The capacity-building initiatives and the downstream impacts of implementing the investment plan associated with BSP implementation are anticipated to present impacts and risks comparable to those observed in activities supported by the current DGM project.

Some proposed measures to mitigate environmental risks include the promotion of conservation

of native plant species through strengthening and enhancing traditional and cultural practices. Mapping out high-value plants, critical habitats, and environmental areas including water source

areas, and targeting their plantation and conservation of these critical areas can help to maintain forest diversity, and conserve the ecosystem and critical wildlife habitats. The development of community-based forest monitoring as complementary to and coherent with national forest monitoring will reduce the risks of methodological inconsistency.

Similarly, the provision of alternative livelihood options through skill-based and off-forest income generative activities can reduce the livelihood risks of high forest-dependent IPs and LCs. These measures can further avoid displacement risks while practices of sustainable management of forests are adopted in community-managed forests. A well-designed training manual of REDD+ considering REDD+ as a part of overall forest management can produce multiple benefits beyond carbon stock and climate change mitigation and biodiversity conservation.

The most prominent social risks would be the possibility of exclusion of certain IPs and LCs which can arise from elite capture during the project implementation. This can exclude marginalized households of IPs, Dalits, Muslims, Madhesis, and women-headed households from receiving benefits from the project. The risks of demotivation of some IPs and LCs would be possible due to the over-focus of the project on marginalized forest-dependent IPs and LCs which can destabilize collective action in forest management. Other possible risks are conflicts between IPs and LCs and with the government which can result from the differences in understanding and interpretation of the customary governances and tenure security. All of these risks are possible but not necessarily likely, and several safeguards and mitigating measures have been identified to deal with each risk and potential impact.

Some mitigation measures identified include the selection of participants and target groups using a set of strong criteria to minimize the potential risks of exclusion of marginalized households and communities including women of IPs and LCs in all kinds of capacity building programs, forest-based enterprises, and income-generating activities under the project. Development of training modules to include environmental and social risks management, participatory training needs assessment for specific- groups of IPs and LCs will aim to reduce potential risks of elite capture in all activities. Similarly, the provisions of livelihood options with financial supports during the training will help ensure the participation of socially and economically marginalized households.

Development of appropriate engagement communications and an information disclosure strategy, and organization of broad consultations among the forest-dependent and non-dependent IPs and LCs, can enhance collective actions towards for management of forest sustainably. Organization of broad consultations with key stakeholders (e.g., governments, IPs, LCs) and discussion on the international provision and commitments of formalizing customary rights, use, and management rights of IPs and LCs over forest resources, along with Nepal's commitment to these provisions, can enhance building a common understanding between IPs and LCs and government authorities of customary and formal use and management rights of forests.

Similarly, the design of culturally-appropriate information, education, and communication materials in local dialects with clear messaging targeting specific audiences within IPs and LCs can address potential barriers faced by some IPs and LCs in access to information. The execution of a

participatory monitoring and evaluation mechanism with the involvement of sub-grantees, NSC, and NEA in all capacity building and sub-grant programs can avoid the potential risks in all activities.

The NEA will share the final version of the ESMF with NSC members including observers and government authorities and IPs and LCs associations, federations and networks, and relevant stakeholders at the federal, provincial, and local government levels. The executive summary of the ESMF will be translated into the Nepali language and distributed to the relevant stakeholders seeking their support for the effective implementation of ESMF. The ESMF is a living document and will be updated, subject to agreement of Bank and implementing agency (RRN) , by reviewing periodically and integrating the evolving socio-economic dynamics associated with the DGM Nepal project. The changes will be assessed and appropriate management and mitigation measures will be incorporated by updating the ESMF. The update will also cover and include any changes/modifications introduced in the legal/regulatory regime of the country. The NEA will disclose the ESMF, Stakeholder Engagement Plan (SEP), and Grievance Redress Mechanism (GRM) related information to ensure the access of information to the IPs and LCs associations and concerned stakeholders. This will be undertaken by uploading the electronic version of these documents (both in Nepali and English languages) on the DGM dedicated website and the World Bank website. The SEP, as an interrelated document of ESMF, has been developed with a detailed analysis of stakeholders and their engagement needs and requirements, to facilitate dialogue and participation in each project implementation stage. The SEP and ESMF have defined the detailed process and institutional arrangements of the GRM associated with the DGM Nepal project.

The ESMF provides an efficient monitoring, evaluation, and reporting system that will be operated in a coordinated and collaborative way with specific roles and responsibilities among sub-project grantees (IPs and LCs organizations), NEA, NSC, the World Bank. The monitoring system will be an integral part of the overall DGM Nepal project monitoring mechanism, which aims to ensure that project activities are implemented maintaining the standards of identifying and managing environmental and social risks resulting from the project. The NEA will play a critical role in operationalizing the monitoring process for the ESMF implementation of the DGM Nepal project in collaboration with sub-project grantees, NSC, and the World Bank. There will be a reporting line of the ESMF for the DGM Nepal project between sub-project grantees (i.e., IPs and LCs organizations) and the NEA, and between the NEA/NSC and the World Bank.

Provisions for the management of the environmental and social risks associated with the projects defined by international and Nepal-specific laws, legislations, policies, and regulations, and the World Bank's Environmental and Social Framework, are considered while designing the framework. Some of the major legislative instruments that have the provisions of managing the management of environmental and social impacts include:

- The Constitution of Nepal (2015)
- National Environmental Policy (2019)
- Environmental Protection Act (2019)
- Environmental Protection Regulation (2020)

- Forestry Sector Strategy (2016-2025)
- National Forest Policy (2019)
- Forest Act (2020)
- Nepal National REDD+ Strategy (2018)
- Local Government Operation Act (2017)
- Solid waste management Act, 2011
- Labour Act, 2017

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

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

ESS 2: Labor and Working Conditions;

ESS 3: Resource Efficiency and Pollution Prevention and Management;

ESS 4: Community Health and Safety;

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

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

ESS 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local communities;

ESS 8: Cultural Heritage;

ESS 10: Stakeholder Engagement and Information Disclosure.

The below table shows the appropriateness and overview of the relevance of each ESS for the DGM Nepal project.

Applicability of the World Bank Environmental and Social Standards

World Bank ESSs	Relevance	Overview of the relevance of the ESS
ESS 1: Assessment and Management of Environmental and Social Risks and Impacts	Relevant	Project activities include the capacity building for SFM and REDD+ processes secure community forest user rights with recognition of traditional livelihoods and customary governance, forest mapping including customarily managed forests, forest-based green jobs, improvement and/or development of forest-based industries, capacity building, and technical assistance as well as income generation activities based on forest products from sustainable management, and innovative solutions to human-wildlife conflict. These have the potential to cause environmental and social risks and impacts. The project will place a strong emphasis on providing benefits to a range of vulnerable or otherwise marginalized households, women,

World Bank ESSs	Relevance	Overview of the relevance of the ESS
		disabled youths of IPs, and LCs including Dalit, Muslims, and Madhesi communities.
ESS 2: Labor and Working Conditions	Relevant	Labor management and decent working conditions and gender and social inclusion are important issues for workers in the forest sector in a range of activities supported by the DGM Nepal project including enhancing timber harvesting and sustainable utilization skill in a range of forest-based enterprise types.
ESS 3: Resource Efficiency and Pollution Prevention and Management	Relevant	The project will provide support of technical skills for the implementation and participation in several income-generating activities and forest-based enterprises. Some of which may potentially cause pollution to air and water while some of which may involve the use of chemicals such as in wood seasoning. Energy efficiency equipment/machines will be used. Provisions for reducing the effect of pesticide use will be made in Pest Management Plans (PMPs).
ESS 4: Community Health and Safety	Relevant	Implementation and involvement of IPs and LCs in SFM, private and public land plantations as well as the establishment of various forest-based enterprises and income-generating activities following the capacity building and skill enhancement some benefit may have community health and safety implications.
ESS 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Relevant	The project is not expected to involve any involuntary land acquisition or restrictions on land use leading to physical and/or economic displacement of people. However, some forests managed under the management of customary practices will be mapped and delineated to maintain the practice of indigenous knowledge and customary practices. Such practice would restrict some members of local communities who do not practice or have indigenous knowledge, from the use of forest products. For such cases, community access to forest or natural resources is restricted, as a precautionary measure, this standard has been considered relevant.
ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant	The project is planned to be implemented in the Terai, Chure, and Mid-Hills of Madhesh Province and Lumbini Province. In all these areas there are potential issues for biodiversity conservation resulting from SFM practices, forest-based enterprises, and forest resource harvesting and utilization including for timber, wood, and NTFPs.
ESS 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Relevant	There are several groups of IPs and their women and households who are the proponents of the sub-project. The major IPs organizations in the project area will be provincial, district, and local government level NEFIN, NIWF, NEFDIN, and community forest user groups. The major IPs in the project are those Tharu, Magar, and Tamang as well as various others and LCs including Dalits, Madhesis, Muslims, and marginalized households. Respect and promotion of traditional knowledge and skills and

World Bank ESSs	Relevance	Overview of the relevance of the ESS
		the customary process of forest management and ensuring non-discriminatory practices among and between IPs and LCs will be key targets.
ESS 8: Cultural Heritage	Relevant	There are some cultural heritage sites in the DGM Nepal project area such as Lumbini in Rupandehi and Tilaurakot in Kapilbastu (Lumbini Province) and Janakpur in Dhanusa, Gadhimai in Bara (Madhesh Province). However, there will be no direct link to the project in these areas. Some forests within the project area are under the religious forests that are being managed by religious groups. Sub-projects in and around these forests may have the presence of tangible and intangible cultural heritage.
ESS 9: Financial Intermediaries	Not Relevant	
ESS 10: Stakeholder Engagement and Information Disclosure	Relevant	Effective and meaningful engagement and participation of the IPs and LCs organizations as other relevant stakeholders especially the representatives of three-tier governments who involve in the FPP project or the project is critical to its successful implementation and to ensure that mechanisms are in place for information sharing, knowledge dissemination, and addressing complaints and grievances. Authentic participation may be useful to avoid any misunderstanding on customary practices and resource management and utilization arising between IPs and LCs organizations.

The ESMF provides necessary principles and key measures to ensure compliance with the safeguard policies outlined and the Project Implementation Manual (PIM) will further translate the provisions in the ESMF into practice steps and actions.

Environmental and social risk management instruments for sub-projects prepared for the DGM Nepal project include:

- Environmental and Social Management Framework (ESMF), which includes an exclusion list of ineligible activities for funding support and screening against environmental and social impacts, and mitigation measures associated with restrictions on access to natural resources
- Environmental and Social Management Plans (ESMPs)
- Guidance Note of Free, Prior, and Informed Consent (FPIC)
- Gender Equity and Social Inclusion Action Plan (GESIAP)
- Stakeholder Engagement Plan, which includes a Grievance Redress Mechanism (GRM)

Abbreviation

ACOFUN	Association of Collaborative Forest Users, Nepal
AFFON	Association of Family Forest Owners, Nepal
BDPA	Beijing Declaration and Platform for Action
BSP	Benefit Sharing Plan
CEDAW	United National Convention on the Elimination of all Forms of Discrimination against Women
CFMGs	Collaborative Forest Management Users
CfP	Call for Proposals
CFUGs	Community Forest User Groups
CIFs	Climate Investment Funds
CIPRED	Centre for Indigenous People's Research and Development
DFO	Division Forest Office
DGM	Dedicated Grant Mechanism
EIA	Environmental Impact Assessment
EPA/R	Environmental Protection Act/Regulation
ERP	Emission Reduction Program
ERFPD	Emission Reduction Program Document
ESA	Environment and Social Assessment
ESCP	Environmental and Social Commitment Plan
ESRC	Environment and Social Risk Classification
ESIA	Environmental and Social Impact Assessments
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESSs	Environmental and Social Standards
FECOFUN	Federation of Community Forest Users' Nepal
FEDO	Feminist Dalit Organization
FIP	Forest Investment Program
FONIJ	Federation of Nepalese Journalists
FPIC	Free, Prior, and Informed Consent
FPP	Forests for Prosperity Project
GDI	Gender Development Index
GEA	Global Executing Agency
GESI	Gender Equity and Social Inclusion
GESIAP	Gender Equity and Social Inclusion Action Plan
GIIP	Good International Industry Practice

GoM	Grant Operation Manual-GoN	Government of Nepal
GPSE	Gender, Poverty, and Social Equity	
GRB	Gender Responsive Budgeting	
GRBC	Gender Responsive Budgeting Committee	
GRM	Grievance Redress Mechanism	
GSC	Global Steering Committee	
HDI	Human Development Index	
HIMAWANTI	Himalayan Grassroots Women’s Natural Resource Management Association	
IAPS	Invasive Alien Plant Species	
IEC	Information, Education and Communication	
IEE	Initial Environmental Examination	
IGAs	Income Generating Activities	
INWOLAG	Indigenous Women’s Legal Awareness Group	
IPR	Intellectual Property Rights	
IPs	Indigenous Peoples	
LCs	Local Communities	
MoFE	Ministry of Forests and Environment	
MoFSC	Ministry of Forests and Soil Conservation	
MoITFE	Ministry of Industry, Tourism, Forests, and Environment	
MPI	Multidimensional Poverty Index	
NEA	National Executing Agency	
NEFIN	Nepal Federation of Indigenous Nationalities	
NIDWAN	Nepal Indigenous Disabled Women’s Association	
NIWF	Nepal Indigenous Women’s Forum	
NPC	National Planning Commission	
NSC	National Steering Committee	
NTFP	Non-Timber Forest Products	
PDO	Project Development Objectives	
PIM	Project Implementation Manual	
RDN	Rashtriya Dalit Network	
REDD+	Reducing Emissions from Deforestation and forest Degradation and the role of carbon stock enhancement in developing countries	
REDD IC	REDD Implementation Centre	
RRN	Rural Reconstruction Nepal	
SDG	Sustainable Development Goal	
SEP	Stakeholder Engagement Plan	

SFM	Sustainable Forest Management
SIS	Safeguard Information System
SMEs	Small and Medium Enterprises
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples
UNFCCC	United Nations Framework Convention on Climate Change
WOCAN	Women Organizing for Change in Agriculture and Natural Resource Management
YFIN	Youth Federation of Indigenous Nationalities

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1. Introduction

The Dedicated Grant Mechanism (DGM) for Indigenous Peoples (IPs) and Local Communities (LCs) Nepal project is a World Bank-funded project, designed as a complementary initiative to the Nepal Forest Investment Program (FIP). FIP was formulated in 2009 as part of climate-related finance initiatives announced by the World Bank under the Climate Investment Funds (CIFs). FIP aims to finance the implementation of national strategies for 'Reducing Emissions from Deforestation and forest Degradation and the role of carbon stock enhancement in developing countries (REDD+)' and similar emission reduction initiatives. Specifically, the DGM aims to improve the capacity of indigenous people and local communities for securing community forest user rights and traditional livelihoods in selected provinces, and for policy dialogue on sustainable management of forest and land resources as envisaged in the FIP and REDD+ activities in Nepal. Towards this aim, selected IPs and LCs groups will receive small grants to support their engagement in the FIP, REDD+, and other emission reduction initiatives of the Government of Nepal across the federal, provincial, and local levels. As a complementary initiative, the project will be implemented in the same footprint of FIP, i.e., selected local government areas in Madhesh Province and Lumbini Province. The DGM will be implemented by Rural Reconstruction Nepal (RRN), a non-governmental organization (NGO) with experience in project management; with the strategic guidance and support of a National Steering Committee (NSC) and the World Bank.¹ World Bank's Environmental and Social Standards (ESSs). Some of the risks and impacts may include:

- Risk of exclusion of certain IPs and LCs from the capacity building and project benefits
- Risk of misunderstanding between IPs and LCs over the customary practices due to differing interpretations and perceptions over the use of forest use and tenure rights.
- Green jobs and income enhanced resulting from the project may not be attractive/lucrative to some IPs and LCs which can lead to less motivation of engaging in forest conservation.
- There can be a high risk of adopting protection-oriented forest activities which restrict forest users including IPs and LCs from harvesting forest products. This can exacerbate the livelihoods of women and income-poor and marginalized IPs and LCs;
- Low-income forest-based enterprises may not be impressive to youths which can reduce ownership of youth over the management of the forest.

¹ The NSC for the DGM Project has been formed consisting of 14 IPs and LCs' organizations and their constituencies and observers from the World Bank and REDD IC on behalf of the Ministry of Forests and Environment, Government of Nepal (GoN) (*see details in Project Implementation Manual*). The NEA will report to the NSC and Global Steering Committee (GSC), as well as to Global Executing Agency (GEA) and the World Bank, on progress, safeguards, and fiduciary aspects of the project.

Given that the specific locations of the grantee activities are unknown at this stage, this Environmental and Social Management Framework (ESMF) is prepared to provide guidance and procedures for screening and managing the environmental and social impacts of the activities. As specific locations of the project activities become clear, the RRN will use this ESMF as a primary resource to assess, identify and carry out a relevant activity or sub-project-specific environmental and social assessments, as well as outline and implement risks mitigation measures in accordance with the World Bank’s ESSs.

1.1 Objectives and Outline of the ESMF

The overall objective of the ESMF is to provide a framework for effective assessment and management of the environmental and social concerns and the impacts that are likely to emerge during the implementation of the DGM activities. Consistent with this objective, the ESMF is;

- To outline the procedures to screen and assess the environmental and social risks and impacts throughout the project cycle;
- To review the GoN’s existing policies, regulations, operational guidelines, strategies, and institutional arrangements and analyze their scope and relevancy to mitigate the environmental and social impacts of the project;
- To assess indicative environmental and social risks of DGM sub-projects and provide possible measures to mitigate negative risks and impacts and outline the format environmental and social management plan;
- To provide guidance for conducting stakeholder engagements, public consultation, and information disclosure during the implementation of the project
- To outline the institutional arrangements and specify the responsibilities of institutions associated with the project for addressing environmental and social risks and impacts of the project, including measures for capacity building;

Outline of the ESMF
1. Introduction
2. Project description
3. Environmental and Social Characteristics of the DGM Nepal project
4. Overview of Policy, Legal and Regulatory Framework
5. Potential Environmental and Social Impacts of project activities
6. Environmental and Social Management Procedures
7. Stakeholder Engagement, Public Consultation, and Disclosure
8. Restriction of Access to Natural Resources and Guidelines for Mitigation
9. Grievance Redress Mechanism
10. Monitoring, Evaluation, and Reporting
11. Tentative Cost of ESMF
References
Annexes

1.2 Methodology

In developing the ESMF, RRN carried out a desk-based review of relevant policies and regulations (see section 4) related to project activities and their potential environmental and social impacts; and consulted with relevant stakeholders at different levels (e.g. the National Steering Committee, Ministry of Forests and Environment (MoFE) REDD IC, and Provincial consultations of IPs and LCs organizations, and the World Bank) to understand and respond to various concerns relating to potential environmental and social impacts of the project. Key concerns raised during the consultations were the potential misunderstanding between IPs and LCs organizations and members regarding the customary practices and use and management rights, ambiguity of some sub-projects especially the components to specify the environmental and social risks, and the mitigation measures, ensuring the Environmental and Social Safeguard Compliance in Sub-project proposal. The ESMF document was further refined with the inputs and consultations with provincial stakeholders of Lumbini Province and Madhesh Province as well as informant interviews. The list of consulted participants at the NSC meeting and Provincial workshops is given in Annex 1. The refined document was shared with the representatives of IPs and LCs networks, NEA, NSC members, and IPs experts virtually and physically, and the World Bank for their additional inputs. The team also conducted a review and Environmental and Social Assessment (ESA) to assess the possible positive and adverse environmental and social impacts of these proposed sub-project activities.

1.3 Limitation of the Study

This document was developed mainly based on the desk-based review and consultation with NSC members and limited members of provincial-level IPs and LCs organizations, federations, and associations. Due to nationwide and site-specific lockdown in the DGM Nepal areas, extensive consultations and interactions could not be organized with local government and community level IPs and LCs associations to obtain their views on the potential risks of the DGM Nepal activities. Similarly, most of the activities especially under component 2 will be identified and implemented following call-for-proposal, and hence this ESMF has been unable to identify the activity or sub-project-specific environmental and social risks.

2. Project Description

The primary mandate of the global DGM is to improve the capacity of Indigenous Peoples (IPs) and local communities (LCs) to play a greater role in sustainable forest management and other forest-related initiatives at country and international levels by strengthening core institutional capacities of IPs and LCs organizations through management of grant-financed initiatives of their choice and targeted capacity development activities; enabling IPs and LCs voice and participation in national, regional and global forums through the global DGM platform for learning and knowledge exchange; and facilitating knowledge exchange and collaboration among CBFM groups at the federal, provincial and local levels. In line with the mandate, the Nepal DGM project will build the capacity of selected IPs and LCs for sustainable forest management in the selected province, and policy dialogue on Nepal's REDD+ agenda. In particular, the will facilitate the effective participation of IPs and LCs in the design and implementation of FFPP activities and other activities (e.g., Emission Reduction (ER) Program in Nepal's Terai Arc Landscape) related to

the reduce deforestation and forest degradation in Nepal, thereby enhancing the capacity of and empowers forest-dependent IPs and LCs to have a greater role in the design and implementation of forest policies and programs. The project seeks to achieve the following objectives;

- strengthen the voice, governance, and institutional capacities of individuals and representative institutions of forest-dependent IPs and LCs, especially at the local level, including in CFUGs;
- enhance positive impacts, including skills and securing customary governance systems reflecting forest use and management rights, and improved livelihoods and green jobs for IPs and LCs from forest-related activities;
- enhance the working relationship between IPs and LCs with local-level institutions (especially CBFM groups), local governments, youths and frontline forest workers and NGO service providers; and
- coordinate with the Forests for Prosperity Project (FFPP) to ensure that project activities are complementary and mutually enhancing each other.

2.1 Project Components

The project comprises three main components with sub-components.

Component 1: Capacity building for IPs and LCs on Sustainable Forest Management (SFM), securing Forest Use and Management Rights, and REDD+ Policy Dialogue including additional capacity building activities and preparation of the investment plan to support implementation of the BSP under the Nepal ERP in the Terai Arc Landscape.

This component will support capacity building for IPs and LCs on technical aspects and skills development for more strategic involvement in SFM and other forest-related activities, and securing user and management rights for IPs, LCs, and other vulnerable groups, and REDD+ policy dialogue, including related to the ongoing federalization process. The component will invest in capacity- building sub-project activities including workshops, forest inventory (customary and formal management) and mapping exercises, skill and livelihood-based training and awareness-raising sessions, and production of training materials. More specifically, this component will include the activities on (a) technical training sessions related to green jobs in the forest sector, (b) supporting IPs and LCs with securing user and management rights for forest resources, including forest inventory and mapping exercise; (c) awareness raising and IPs and LCs leadership events on REDD+, including Nepal's forest sector governance and strengthening their participation and dialogue skills with relevant authorities on forest-related issues and (d) Capacity-building support for implementation of Nepal's ERP Benefit Sharing Plan, including orientation and training for identified beneficiaries to enhance their understanding of benefit-sharing mechanisms and support in preparation and submission of Investment Plans. **Component 2: Competitive Grants to Support IPs and LCs Income-Generating Activities resulting from SFM and Forest-Based Activities.** This component will extend competitive grants to IPs and LCs with a focus on (a) creating and enhancing green jobs for income generation activities for IPs and LCs, (b) Promotion of traditional knowledge and skills as part of income- generation activities of IPs

and LCs, (c) Green jobs based on forest and forest-smart products, (d) innovative solutions to human-wildlife conflicts, (e) Innovative solutions to NTFP value addition, and (f) Promotion of traditional livelihoods skills of IPs and LCs including the establishment of cooperatives. The grant-making mechanism under this component will be governed by the Grant Operational Manual (GOM), which will be competitive in terms of sub-projects effectiveness and efficiency and environmental and socially applicable. Component 2 will support sub-projects that

contribute to increasing forest-based rural jobs and employment and exploring innovative solutions to forests- and livelihood-related challenges encountered by IPs and LCs. The component will further support the promotion of forest-related economic activities, use of traditional knowledge, and rural livelihood development practices.

Component 3: Project management, monitoring, and knowledge. This component will finance the RRN for the effective implementation of the DGM project and monitoring and evaluation. The component will mainly finance the incremental operating costs of the RRN for managing the project including administrative expenditure, office accommodations, and utilities. The component will also invest in knowledge management and dissemination by establishing a dedicated web page as a repository of knowledge products and project-related information including environmental and social management framework.

2.2 Project Beneficiaries

The project will be implemented in the FPP areas (i.e., Madhesh Province and Lumbini Province) of Nepal, which covers 9 districts of 13 of the Emission Reduction (ER) Program area. Hence, the DGM Nepal will be critical to synergize with two World Bank-funded projects being implemented concomitantly. Priority will be given to the municipalities supported through the FFPP. While some of the capacity-building-related activities under component 1 of this project will be implemented for IPs and LCs from other provinces, the project will have wider outreach at least in capacity building of IPs and LCs for sustainable forest management and policy dialogue.

Forest-dependent IPs and LCs organizations and their sub-national (i.e., provincial, district, and local government levels) federations and associations and community level alliances, and members – households and individuals are the key beneficiaries of the project. IPs and LCs and their federations, associations, and alliances are more than beneficiaries in the project. They are the major proponents of the project and key drivers throughout the project cycle- from the designing phase to the monitoring and evaluation. The project recognizes forest-dependent IPs and LCs are key rightsholders and implement the project and play the key role in facilitating dialogues of several aspects of sustainable forest management inviting relevant stakeholders.

The project defines the IPs as suggested by the National Foundation for Uplift of Adivasi/Janajati Act (2002), those who have ethnic languages other than Nepali, have distinct traditional customs other than that of ruling high castes, who espouse distinct cultures other than the Hindu culture of dominant groups, who have distinct social structures that do not fall under the hierarchical Varna or caste system, who have written or oral history that traces their line of descent back to the occupants of their territories before the annexation into present Nepal, and who are included in the list of Adivasis/Janajatis published by the government of Nepal (GoN, 2002). Altogether 59+1 (60) groups are enlisted under the schedule of the Act of which 48 are recognized as minority groups. The Nepal Federation of Indigenous Nationalities (NEFIN) has classified these groups into five categories based on socio-economic indicators. These are: Endangered, Highly Marginalized, Marginalized, Disadvantaged, and Advantaged.

NEFIN is the umbrella organization of the 60 Indigenous Nationalities or Peoples (IPs) of Nepal. NEFIN has national (Federal Coordination Council) and 4 levels of sub-national structures (in the form of coordination council) at the Province (*e.g., Provincial Coordination Council*), District, and

Local Governments Level and Ward (the lowest political unit). There are other IPs-related networks including Nepal Indigenous Women’s Forum (NIWF), Nepal Indigenous Disabled Women’s Association (NIDWAN), Indigenous Women’s Legal Awareness Group (INWOLAG), Federation of Nepalese Journalists (FONIJ), Youth Federation of Indigenous Nationalities (YFIN), and National Indigenous Disabled Youth Association (NIDA).

Local communities (LCs) on the other hand, as distinct from IPs, which generally represent the dominant culture and usually share their social traits, values, norms, and languages (DGM PAD, 2020). They often lack political voice and are marginalized, living in remote locations with limited access to economic opportunity and the benefits of development.

The major LCs federations and associations for the project include the Federation of Community Forest User’s Nepal (FECOFUN), Association of Collaborative Forest Management Nepal (ACOFUN), Association of Family Forest Owner’s, Nepal (AFFON), Rashtriya Dalit Network (RDN), Himalayan Grassroots Women’s Natural Resource Management Association (HIMAWANTI), and NGO representative working on forest management (ASMITA Nepal). Most of these LCs organizations have their sub-national (i.e., provincial, district, and local government level) and community level constituencies. FECOFUN has province, district, and local government level network and community forest user groups (CFUGs) at the community level. Similarly, ACOFUN has district and provincial level networks and collaborative forest management users (CFMGs) at the community level.

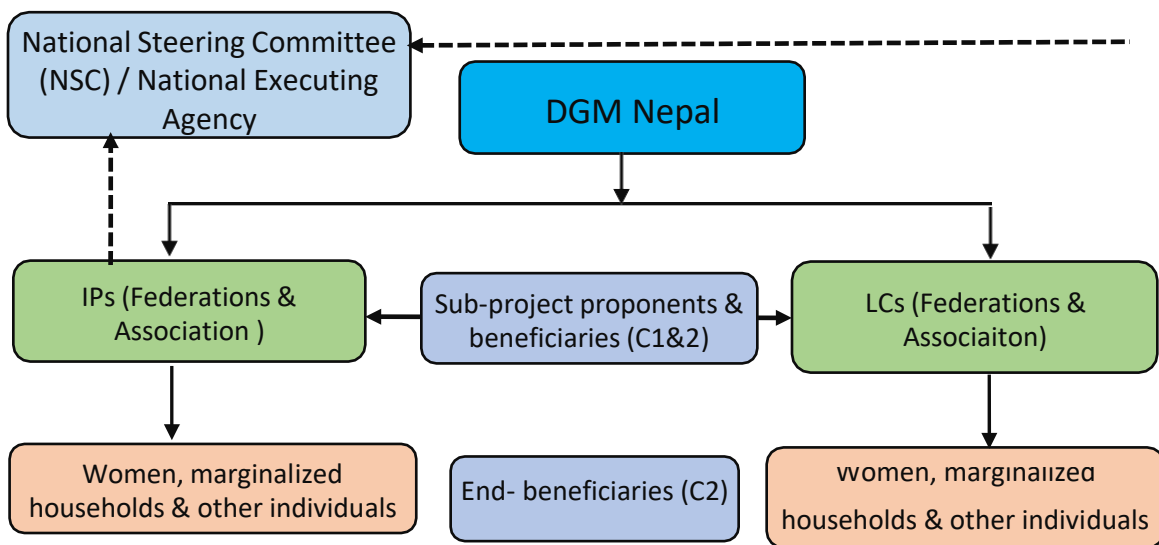


FIGURE 1: LEVELS OF BENEFICIARIES OF DGM NEPAL PROJECT

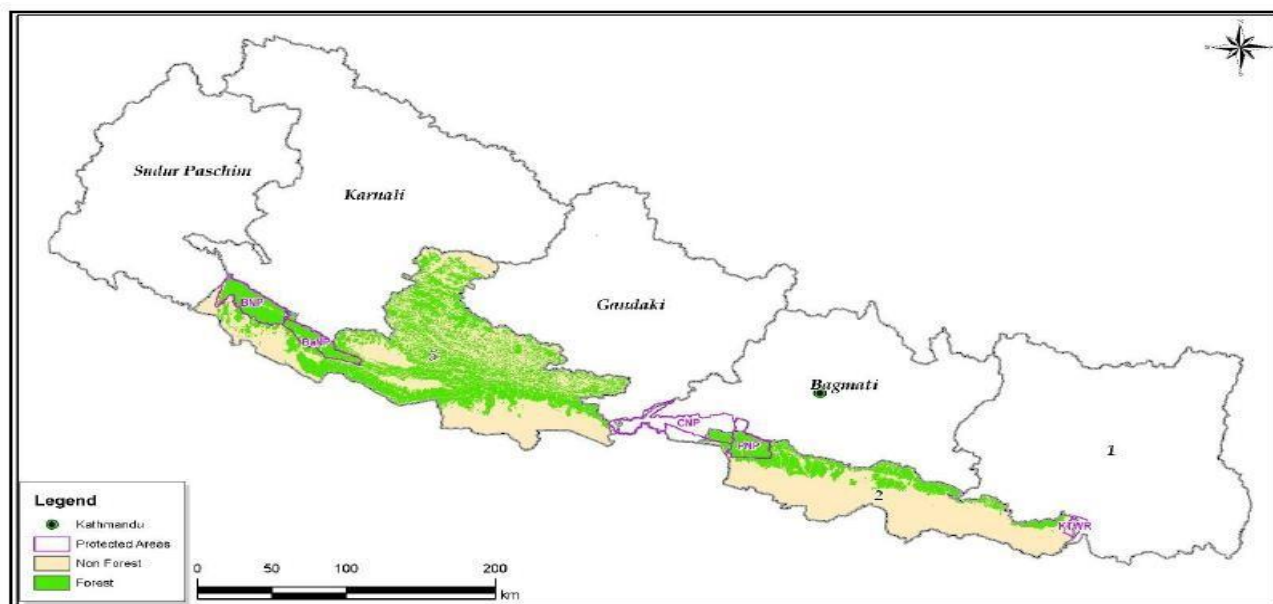
Figure 1 indicates the level of beneficiaries in the project. IPs and LCs are both proponents as well as the beneficiaries (right holders) of the project. Federal level IPs and LCs organizations are generally the members of NSC that is designated as the decision-making body for the project. Their sub-national levels - provincial, district, local government, and community-level

networks and alliances are the sub-project grantees and proponents mostly for components 1 and 2. The IPs and LCs organizations at these levels will design proposals for targeting themselves and individuals and households. Households and individuals including marginalized women, youths, differently able persons, and elderly people of IPs, and LCs are the end-beneficiaries for whom some impact-oriented competitive small-grant sub-projects under component 2 will be implemented by the sub-project grantees.

3. Environmental and Social Characteristics of the DGM Nepal Project Area

3.1 Project Location

As noted above, the project will be implemented in 50 local governments (LGs) of 20 districts of Madhesh Province (25 LGs from 8 districts) and Lumbini Province (25 LGs from 10 districts except for Rukum east and Gulmi districts) (Figure 2). The LGs as shown in table 1 were selected by REDD IC in consultation with the Ministry of Industry, Forests, and Soil Conservation (MoIFSc) of the two provinces. Whilst the project will target 50 municipalities for two provinces, the planning, and implementation of project activities under component 1 will occur in the rest of the municipalities of Madhesh Province and Lumbini Province, and other provinces.



**FIGURE 2: MAP SHOWING THE DGM NEPAL PROJECT AREA (MADHESH PROVINCE AND LUMBINI PROVINCE)
(SOURCE: ESMF, FIP-FFPP)**

TABLE 1: LIST OF SELECTED LOCAL GOVERNMENTS FOR FIP-FFPP

S N	Districts	Selected Municipalities for FIP-FFPP (Subject to change)
Madhesh Province		
1	Saptari	Hanumannagar Kankalini Municipality, Tirhut Rural Municipality, Mahadeva Rural Municipality
2	Siraha	Navarajpur Rural Municipality, Aurahi Rural Municipality, Bariyarpatti Rural Municipality
3	Dhanusa	Janakpurdhham Sub-metropolitan city, Mithila bihari Municipality, Laxminiya Rural Municipality
4	Mahottari	Bardibas Municipality, Ekdara Rural Municipality, Jaleswor Municipality,
5	Sarlahi	Bramhapuri R Municipality, Haripurwa Municipality, Hariwon Municipality, Parsa Rural Municipality
6	Rautahat	Durga Bhagawati Rural Municipality, Rajdevi Municipality, Madhav Narayan Municipality

7	Bara	Pacharauta Municipality, Devtal Rural Municipality, Suvarna Rural Municipality
8	Parsa	Jagarnathpur Rural Municipality, Paterwa Sugauli Rural Municipality, Birganj Metropolitan City
Lumbini Province		
1	Arghakhanchi	Panini Rural Municipality, Sitganga Municipality
2	Banke	Baijanath Rural Municipality, Khajura Rural Municipality, Kohalpur Municipality
3	Bardiya	Badhaiyatal Rural Municipality, Bansgadhi Municipality
4	Dang	Banglachuli Rural Municipality, Ghorahi Sub-Metropolitan City, Lamahi Municipality, Rapti Rural Municipality
5	Kapilvastu	Banganga Municipality, Buddhabhumi Municipality, Shivaraj Municipality
6	NawalNawalparasi west WestNawalparasi west	Sarawal Rural Municipality, Sunwal Municipality,
7	Palpa	Bagnaskali Rural Municipality, Rainadevi Chhahara Rural Municipality, Tinau Rural Municipality
8	Pyuthan	Sarumarani Rural Municipality
9	Rolpa	Runtigadi Rural Municipality
10	Rupandehi	Devdaha Municipality, Kanchan Rural Municipality, Lumbini Sanskritik Municipality, Sainamaina Municipality.

Source: REDD Implementation Centre (2021)

Specific social and environmental characteristics at the country level can have implications on the project at the local government levels in Madhesh Province and the Lumbini Province. Thus, the description of the environmental and social baselines is preceded by an overview of the national context of the project as below.

3.2 National Context

Population: Official statistics indicate that the population of Nepal is 29.164 million; representing an increase from 26,494,578 on the 2011 census with an average annual growth rate of 0.92 percent (CBS, 2021) (Table 2). The growth rate of 0.92 percent during the period of 2011-2021 indicates a sharp decline over the 1.35 percent rate of the previous decade 2001-2011 (CBS, 2014). The decline of population growth is attributed to a decline in fertility and the out-migration of youth. The population density is 198 persons per km². 48.47 percent of Nepal's population is male as against 51.13 percent being female. The census data of 2021 shows that female-headed households have increased by 10 percentage points from 25.73. percent in 2011 to 35.31 percent in 2021.

TABLE 2: DEMOGRAPHIC CHARACTERISTICS

SN	Demographic characteristics	Description
1	Population	29.164 million
2	Population growth rate	0.92 (in 2011-2021) and 1.35 in 2001-2011
3	Population Density	198
4	Male Population	48.47 %
5	Female Population	51.13 %

6	Female-head households	35.31 in 2021,25.73 in 2011 and 14.87 in 2001
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Source: CBS, 2021,2016,2011

Growth, poverty, and inequality: The World Bank estimates that the Gross Domestic Product (GDP) of Nepal is USD 30.64 billion for 2019, with a per capita GDP of about USD 1,085 (NPR 126,018) for the fiscal year 2019/2020 (MoF, 2020) (Table 3). The average annual economic growth rate of Nepal was 2.5 percent (MoF, 2020, p.2). The Gini Coefficient² which measures income inequality was 31 percent in 2019 (GoN, 2020, p. 21), which suggests a relatively high inequality and distributional imbalances in terms of national wealth and income. Based on Multidimensional Poverty Index (MPI, 2014), Madhesh Province and Karnali Province were ranked 6th and 7th respectively with the highest rate of multidimensional poverty, with every second person being multi-dimensionally poor (50 percent) (GoN, 2020, p. 27, NPC/GoN, 2014). The proposed investments (especially component 2) will contribute to addressing poverty in the provinces.

TABLE 3: GROWTH, POVERTY, AND GENDER DEVELOPMENT INDEX

SN	Description	Description
1	Gross domestic product	USD 30.64 billion
2	Per capita GDP for FY 2019/2020	USD 1085
3	Average annual economic growth	2.5 %
4	Gini Coefficient in 2019	31 %
5	Multidimensional Poverty Index in 2019	Madhesh Province 6 th and Lumbini Province 4 th out of 7 Provinces
6	Female Human Development Index (HDI) in 2019	0.549
7	Male HDI	0.619
8	Gender Development Index (GDI) for 2020	0.886 (Madhesh Province the lowest 0.786, and Lumbini Province 0.901 (4 th) out of 7 provinces
9	Gender Inequality Index (GII) for 2019	0.479 (Madhesh Province, 0.503, and Lumbini Province 0.474)

Source: GoN, 2020, p. 27, NPC/GoN, 2014, MoF, 2020, p.2, MPI, 2014

The Gender Development Index (GDI). Nepal's GDI is 0.886 for 2020 (GoN, 2020, p.22). This value resulted from the HDI between females and males. The female HDI value for Nepal is 0.549 compared to 0.619 for males. The GDI figure suggests a gender disparity in Nepal is not very encouraging with the females' HDI value standing at 11.3 percent, which is lower than that of males. Province-wise, Bagmati Province has the highest GDI (0.929) value and hence the lowest gender disparity while Madhesh Province has the lowest GDI (0.786) value.

Among the physiographical regions, a higher GDI value is reported in the Hills (0.927) compared with the Terai (0.87) and Mountains (0.902). The GDI value for the urban and rural areas are 0.883 and 0.889 respectively.

²A Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality.

Land Use Systems and Forest Management Status in Nepal

The forest cover of Nepal is significant and has improved over the past decade (see Table 4 below). The total share of forest area in the total land of the country was 39.11% (57,558.09 km²) in 2010 has increased from 36.19% (53,297 km²) in 2000 (MoAD, 2014). According to DFRS (2015, 2018) and FRTC (2019) forests currently cover 5,962,438 ha (44.74%) of the country's total land along with 647,892 ha (4.38%) of Other Wooded Land (OWL). It is expected that investments through the DGM project will extend the marginal increase in forest cover and improve overall sustainable forest management in the targeted areas.

TABLE 4: LAND USE DYNAMICS IN NEPAL

Land-use Systems	1990		2000		2010		2010-2014
	Area (km ²)	Area (%)	Area (km ²)	Area (%)	Area (km ²)	Area (%)	Area (%)
Agriculture Land	38,705.77	26.3	40,280.52	27.37	38,268.79	26	21.88
Forest land	56,222.44	38.2	53,257.91	36.19	57,558.05	39.11	44.74
Grassland	22,125.06	15.03	25,134.84	17.08	22,633.27	15.38	2.6
Settlement	453.54	0.31	485.2	0.33	683.2	0.46	1.15
Wetlands	720.42	0.49	728.95	0.5	774.19	0.53	1.22
Other lands	28,953.78	19.67	27,293.59	18.54	27,263.48	18.52	28.68
Grand Total	147,181	100	147,181	100	147,181	100	100

Source: MoAD, 2014, DFRS (2015, 2018), FRTC (2019)

Nepal's forests are broadly categorized into national forests and private forests (GoN, 2019) as shown in Figure 3 with referring to tenure practices. The national forests are managed by the government (over 61 %) in the form of protected forests (4.98% including proposed and declared)) and government-managed forests (38.99%), protected areas (PAs) (17.32%), and the rest (38.80%) with the involvement of local communities. A total of 14,572.1 ha of forests is being managed as block forests by the government in seven districts including Kalapani Khola (545.63 ha) of Dang district and Shamshegunj Mathebas (2,578.00 ha) in Banke districts of Lumbini Province and Dhansar Block forest in (1,052.92) of Rautahat district of Madhesh Province (DoF, 2018). Block forests are part of the national forest, which are ecologically fragile but crucial for the forest ecosystem services and biodiversity. The block forests are managed with the operational plan containing protection and conservation activities along with limited silviculture operation under the leadership of respective forest authorities including the Division Forest Office.

Forests managed by the local communities are collectively known as Community-Based Forest Management (CBFM). CBFM includes Community Forests (CF), Leasehold Forests (LHF), Collaborative Forest Management (CFM), Buffer Zone Community Forests (BZCF), and Religious Forests (RF). The forest under the CBFM is part of the national forests handed over by the government to the local groups and institutions, the handover process and length of management responsibility, use and management rights, and benefit-sharing differ across these approaches.

Access to forests, distribution of forest products among groups' member households, and protection, conservation, and management of forests as per the approved forest operational plan are the common provisions and responsibilities among community-based forest management groups (CBFMGs). However, variation exists in some aspects including tenure duration and benefits sharing. For instance, CFUGs generally have management authority for a maximum of 10 years which can be extended with renewable forest operation plans. On the other hand, leasehold forests (LHFs) are handed over to small groups of poor households for up to 40 years.

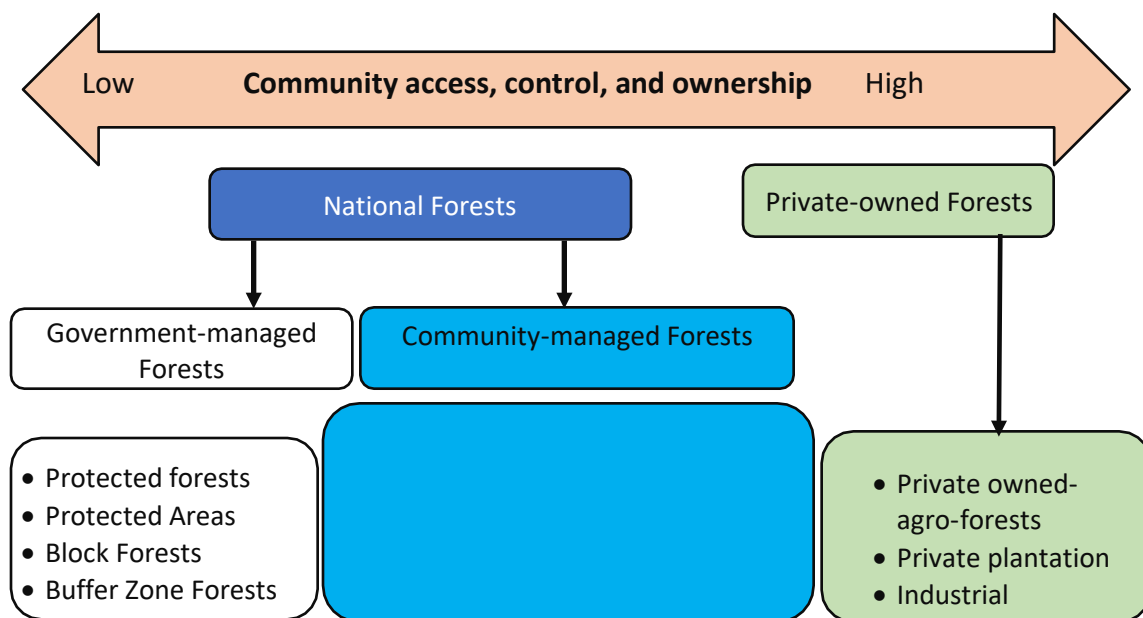


FIGURE 3: DIFFERENT FOREST MANAGEMENT REGIMES IN NEPAL

Community forestry is the prominent approach among the CBFM, which alone covers 2,272,356 hectares (ha) managed by 22,415 community forest user groups (CFUG) representing 2,927,329 households by mid-March of the fiscal year 2019/2020 (GoN, 2020). A total of 45,282 ha is managed by 7,846 LGF, while 31 CFM groups manage around 79,700 ha of forests.

The private forest is another management regime in Nepal whereby the trees are grown in privately owned land and the tenure is provided to the private owners. The DoFSC's latest report shows that altogether 5,640 private individuals have registered around 4,400 ha of forests as private forests in their respective Division Forest Office (DoFSC, 2020). Similarly, National Forest

Policy, 2018 has envisioned the development of the family forest. Based on the pattern of plantation and purposes, the DoFSC has identified nine types of private forests including (i) Private forests in blocks, (ii) Private forests as alley cropping, (iii) Forests along river banks or streams, (iv) Private forests in the form of home gardens, (v) Trees along the bound of fish ponds, (vi) Trees in horticultural farms, (vii) Private forests for recreation, (viii) agroforestry private forests in the form of garden hedges, (ix) Private forests as industrial forests. Additionally, Nepal's National Forest Policy (2019) has perceived the development of family forests outside the

national forests along with the private forests, urban forests, and forests in public lands (GoN, 2019).

Besides these formal management practices, there are several customary management practices are being exercised by IP communities. A total of 15 practices are reported for the management of natural resources including the forests under the customary institutions across the country (REDD IC, 2015). These include Kipat or Subba in the western mid-hills and mountain region, Jimmawal and Mukhiyas in Midhills of the Central and Western Nepal, Shingginawa in Khumbu region, Mukhiya Nora/Rokaya in Karnali region, Gumba System in Pugmo Village Dolpa, The Dhapu and Dhebu System of Dolpo community of Dolpa, Traditional village councils in Nar and Phu Village of Upper Manang, Dhaba Shyarbaa and Mithawa of Nginsyang Valley of Upper Manang, Shagya in Manaslu area, Gorkha, Bhadaure Shava in Lamjung, and Ritisthiti of Magar. Although these practices are exercised for forest and pasture management, there is no record of the exact area of forest under these institutions. Considering the contribution of these practices for the forest sustainable management and address of drivers of deforestation thereby contributing to the carbon enhancement and REDD+, the Government of Nepal (GoN) has recognized two customary practices land-use system including Indigenous Transhumance Pasture/livestock Management System of the High Altitude Areas; and Traditional Khorja Agriculture Practices or the Shifting Cultivation (REDD IC, 2015).

3.3 Environment and Social Baseline of the Project Area

3.3.1 Socio-Economic Context of DGM Nepal Project Area

Social – Caste and Ethnic Groups

There are 142 castes/ethnic groups reported in the 2021 census. Chhetri is the largest caste group with 16.45 percent of the total population. This is followed by Hill-Brahmin 11.29 percent. The indigenous and ethnic minority people collectively constitute 36.11 percent of the total population. Madhesh Province and Lumbini Province present a diverse socio-demographic feature in terms of ethnic and caste groups and their distribution. Table 5 shows the population of Madhesh Province and Lumbini Province disaggregated by caste/ethnicity. In Provinces, IPs (both Hill IPs- 10.91 and Terai IPs-12.20) comprise 23.13 percent of the population whereas Dalits (both Hill- 4.42 and Terai Dalit-12.08) constitute 16.50 percent. IPs include Tharu, Magar, Jhangad, Tamang, and other communities comprising a higher proportion (34%) in Lumbini Province compared to Madhesh Province (14%). The proportion of Hill IPs is slightly higher as compared to Terai IPs in Lumbini Province. However, the proportion of Terai IPs is higher in comparison to Hill IPs in Madhesh Province. Some IPs including Tharu reside in almost all Terai regions of Madhesh Province and Lumbini Province, while Magar resides in the mid-hill districts of Lumbini Province.

In Madhesh Province, Terai Dalit (sub-castes) comprises 18 percent of the total population and only a small proportion (0.5%) belongs to Hill Dalit. Of the total population, Lumbini Province has 10 percent of Hill Dalit while Terai Dalit stands at 5 percent.

The largest social group in the Terai areas of both provinces is Madhesi (another ethnic group in Terai) representing 32 percent of the total population in the DGM-project area. Muslims, residing mainly in the southern parts of the Terai region, form a smaller portion in both Provinces.

TABLE 5: ETHNIC AND CASTE GROUPS IN THE MADHESH PROVINCE AND LUMBINI PROVINCE

Category	Madhesh Province		Lumbini Province		Total (DGM Project Areas)	
	Population	%	Population	%	Population	%
Chhetri	184,689	3.02	869,843	16.98	1054532	9.38
Brahmin	240,583	3.93	666,861	13.02	907444	8.08
Hill IPs (Excluding Newar ³)	304,729	4.98	921,728	18.00	1226457	10.91
Newar	30,284	0.50	52,419	1.02	82703	0.74
Terai IPs	554,410	9.07	816,023	15.93	1370433	12.20
Terai Other castes ⁴	2,936,087	48.02	666,189	13.01	3602276	32.06
Hill Dalit ⁵	29,572	0.48	512,289	10.00	541861	4.82
Terai Dalit ⁶	1,100,750	18.00	256,986	5.02	1357736	12.08
Muslim	733,496	12.00	359,740	7.02	1093236	9.73
Total	6,114,600	100	5,122,078	100	11,236,678	100

Source: Nepal Census (2021)

Demography and Development

According to the 2021 Census, Madhesh Province and Lumbini Province have, respectively, 6.11 and 5.12 million population which are, respectively, 20.96 percent and 17.56 percent share to the total national population (Table 6).

Primary socio-development indicators for Madhesh Province and Lumbini Province are shown in Table 6. While Lumbini Province generally lies relatively closer to the national average for many socio-economic development indicators, Madhesh Province lies significantly below for almost all indicators. The data shows that the Human Development Index (HDI) of Madhesh Province is 0.51, which is the second-lowest among all the provinces in Nepal (Table 6). The HDI of Lumbini Province is 0.563 which is slightly lower than the national average value of 0.587.

The gender ratio (male to female ratio) is higher in Madhesh Province as compared to Lumbini Province and National Average. Lumbini Province represents a ratio of 0.92 which is lower than that of both Madhesh Province and the national average.

Lumbini Province has a Gender and Development Index (GDI) value (0.901), which is higher than the national average while Madhesh Province has a GDI (0.786) value (the lowest among 7 provinces) indicating that Madhesh Province has the highest degree of gender disparity. The lowest GDI value in Madhesh Province is probably can be attributed to women's lower education and income status as compared to men. Women's education and income index, respectively in this Province, are 19 percent 37 percent, which are lower than that of men (GoN, 2020, p.22). The Gender Inequality Index (GII) value in 2019 for Madhesh Province and Lumbini Province is reported to be 0.503 and 0.474 respectively, indicating that higher gender inequality exists in Madhesh Province as compared to Lumbini Province and the national average.

³ Newar is one of the IPs, however, this is usually considered separate because they are not a vulnerable group

⁴ Terai other castes are collectively considered Madhesis

⁵ Including Blacksmith, Tailor, Cobbler – Dalit sub-class

⁶ Dalits resided in Terai including Mushahar, Bantar, Chamar, and Dom – Dalit sub-class

TABLE 6: SOCIO-DEVELOPMENT INDICATORS OF MADHESH PROVINCE AND LUMBINI PROVINCE

Indicators	Madhesh Province	Lumbini Province	National Average
Population (million)	6.11(20.96% of the country total)	5.12 (17.56% of the country total)	38.52 (100%)
Population Density (Persons/Km ²)*	633	230	198
Gender ratio (Male to Female ratio)**	1.0055	0.907	0.921
Human Development Index (HDI) 2020***	0.51	0.563	0.587
Gender Development Index (GDI)***	0.786	0.901	0.886
Gender Inequality Index (GII)*** (2019)	0.503	0.407	0.479
Multi-dimensional Poverty Index- (MPI 2014) Headcount Percentage*** (GoN, 2020 p., 27)	47.9	29.9	28.6
Population under absolute poverty Index (%)*****	19.8	18.2	18.7
Literacy rate of the population by 5 years age and above in 2017 (Percent)***	49.54	66.43	65.94
Mean Year of Schooling*****	2.73	5.14	3.90
The average age on Living Birth (Year)	80.3	62.2	71.3
IPs students enrolled in School in 2074 BS (% of the total number)	7.3	21.41	100
Dalits students enrolled in School in 2074 BS (% of the total number)	9.5	8.96	100

Source: *MoF (2019/2020, p.19), ** CBS (2020), ***GoN (2020, p.16, 22, 26, 27, 37), ****CBS (2021,2018, p.19), *****ADB (2020, p. 131)

Gross Domestic Product (GDP): Madhesh Province has a share of 13.8 percent of Nepal’s GDP and Lumbini Province has a 14.2 percent share for the fiscal year 2019/2020 (Table 7). The agriculture and forestry sectors collectively contribute 19.30 percent share to GDP in Madhesh Province, and these two sectors have a 17.30 percent share in the GDP of Lumbini Province (CBS, 2020).

Madhesh Province has a total of 54,910 registered micro-enterprises while Lumbini Province has a little more (68,334). Around 0.4 million employment has been reported for Madhesh Province and 0.5 million employment for Lumbini Province. Lumbini Province has a relatively higher proportion (39.7%) of women-owned industries as compared to the national average (35.8%) and a little more than double of Madhesh Province (18.8%).

TABLE 7: ECONOMIC INDICATORS OF MADHESH PROVINCE AND LUMBINI PROVINCE

Indicators	Madhesh Province	Lumbini Province	National Average
Per capita Income (Purchasing Power Parity \$)*****	922	1,013	1,160
Provincial Contribution to GDP (at basic price)* (FY 2019/2020)	13.8	14.2	100

Economic Growth Rate (at basic price)* FY 2019/2020 in Percentage	2.3	2.0	2.3
Provincial Contribution to GDP of Agriculture and Forestry (FY 2019/2020)**	19.30	17.30	100
Unemployment Numbers (in '000)* in FY 2019/2020	317	144	908
Number of registered MICRO industries (Micro, cottage, and small)*	54,910	68,334	401,236
Proposed employment (Number)*	382,820	477,654	2,808,052
Number of Industries owned by Female (%)***	18.8	39.7	35.8
Household Food Security (%)*****	43.1	48.4	48.2

Source: *MoF (2019-2020, p.19, 20, 90), ** CBS (2020), *** CBS (2018, p.19), *****ADB (2020, p.131), MoH (2017, p. 42),

3.3.2 Gender and Social Inclusion Profile

Women's property rights in Nepal are limited by social norms, customs, and legislation hampering their economic status and opportunities to overcome poverty. Ownership of land and other properties (e.g., houses) empowers women and provides income and security during the crisis. Only a small proportion (6.7%) of women have individual ownership of the house in Nepal (Table 8). The figure for the individual ownership in Madhesh Province and Lumbini Province is even smaller than the national average. Individual ownership of land is relatively higher than that of house ownership in Nepal. Interestingly, a higher percentage of individual ownership of land is reported in Madhesh Province.

Madhesh Province has a smaller percentage (38.88%) of women's literacy rate (age 5 and older) while Lumbini Province has a higher rate than that of the national average. The percentage of illiterate women (aged between 15-49) is reported to be 61.4 percent which is almost double that of Lumbini Province and the national average. Similar status is reported for women's engagement in professional occupations (i.e., technical and managerial) in Madhesh Province. On the contrary, the percentage of women's engagement in agriculture in Madhesh Province is a bit higher than that of Lumbini Province. The percentage of labor force participation of women is almost similar for Madhesh Province and Lumbini Province. This is nearly below the national average. However, men's labor force participation is double in both provinces.

TABLE 8: STATUS OF GESI-RELATED INDICATORS IN MADHESH PROVINCE AND LUMBINI PROVINCE

SN	GESI-related profile	Madhesh Province	Lumbini Province	National Average
1	Women ownership (alone/individual) of house (%) (ADB, 2020)**	6.1	5.6	6.7
2	Women ownership (alone/individual) land (%)**	11.9	9.4	10.0
3	Literacy rates of women - aged 5 and older (%)*	38.88	58.33	57.39
4	% distribution of women (age between 15-49) who cannot read at all (%)**	61.4	27.4	30.7
5	% distribution of men (age between 15-49) who cannot read at all (%)**	21.9	13.1	10.8

6	Women in Professional (%) - Professional, technical and managerial**	3.8	4.1	5.7
7	Women involvement in Agriculture (%)**	78.7	75.8	69.9
8	% of Distribution of Women Migration in the 10 years before 2016 (%)**	20.2	14.8	15.9
9	Women with working age (aged 15 and older) (% of the total population)	55.07	56.91	55.61
10	Labor Force Participation Rate of Women***	25.86	25.71	26.3
11	Men with working age (aged 15 and older) (% of the total population)	44.92	43.08	43.38
12	Labor Force Participation Rate of Men***	56.7	52.6	53.8
13	Women-managed forest area (ha)****	1,981.78	10,980.29	50,453.57

Source: *GoN (2020, p.37), **MoH, New ERA, and ICF (2017, p.30, 54, 64, 315), ***CBS (2019, p.13. 67), ****DoF (2017).

Women's literacy rate varies across caste and ethnic and religious groups. Hill Brahmin women represent a higher literacy rate for both above 6 and 15 years (Table 9). The lowest literacy rate is reported for Terai Dalit women (16.46%). 31 percent of other Terai caste groups and 35 percent of Muslim women are literate among their total population. Newar and Hill Chhetri women present almost similar levels of literate (60%). It is interesting to note that the literacy rate of women for all categories decreases with an increase in their age (after 15 years).

House and land ownership also differ across the caste and ethnic and religious women. The highest percentage of Terai Brahmin/Chhetri women own their house on individual ownership. The highest percentage of Hill Chhetri and Hill Brahmin have their land on individual ownership. The largest percentage of Hill IPs and Hill Dalits women make health-care-related decisions.

TABLE 9: CASTE AND ETHNIC AND RELIGIOUS GROUP-WISE WOMEN'S LITERACY RATE, HOUSE AND LAND OWNERSHIP, AND HEALTH-CARE-RELATED DECISION-MAKING

SN	Caste and Ethnicity	Literacy rates of women above 6 years by ethnic & caste (%)	Literacy rates of women above 15 years by ethnic & caste and religious groups (%)	Women own house alone (%)	Women own Land alone (%)	Person Who Usually Decides on Respondent's Health Care (%)
1	Hill Brahmin	70.61	65.23	7.9	13.5	27.2
2	Hill Chhetri	59.92	50.54	7.6	11.2	28.7
3	Terai Brahmin/Chhetri	Not available		11	10.6	24.5
4	Other Terai caste	30.92	24.97	5.3	11.9	8.9
5	Hill Dalit	49.87	38.84	5.9	6.2	31.7
6	Terai Dalit	16.46	11.03	4.6	6.2	12.8
7	Newar	66.72	61.65	7.8	10.5	28.4
8	Hill IPs	55.44	47.76	6.8	9.6	31.1
9	Terai IPs	55.47	48.53	4.2	6.4	16.2
10	Muslim	35.33	28.37	6.6	9.7	15.4
11	Other	Not Available	Not Available	2.3	6.4	10

Total	51.41	44.55	6.7	10	23.3
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Source: World Bank (2018) Country Level Gender Equality and Social Inclusion Assessment (Annex 2), Kathmandu.

3.3.3 Environment/Biophysical Context of DGM -Project Area

This sub-section outlines the biophysical context with a special focus on forest distribution and forests management systems being practiced in DGM- project area (i.e., Madhesh Province and Lumbini Province).

3.3.3.1 Geographic Features and Forest Management Status in Madhesh Province

A. Geographic Features of Madhesh Province

Madhesh Province is located in the eastern part of the Terai physiographic region⁷ and also covers the Chure (Siwalik) region⁸ in the northern parts of all 8 districts. The proportion of land of each district that lies in the Chure is shown in Table 10. Madhesh Province is Nepal’s smallest province with an area of 886,771 ha and has the lowest forest area coverage of all 7 Provinces of Nepal (22.8%). The province constitutes Bara, Dhanusa, Mahottari, Parsa, Rautahat, Saptari, Sarlahi, and Siraha districts. Of the total 136 Local Governments in the Province, 59 are Rural Municipalities while 73 are Municipalities, 3 Sub-Metropolitan Cities, and 1 Metropolitan city (Janakpur). This Province includes parts of Chitwan National Park and Koshi Tappu Wildlife Reserve and the whole of Parsa National Park.

B. Forest and Its Management Practices in Madhesh Province

The forest area of Madhesh Province is about 0.263 million hectares, which is the lowest among the seven Provinces in the country. The forests share around 27 percent of the total land of the Province. The distribution of forests varies across the districts. The lowest coverage (15.97%) of the forest lies in the Siraha district while Parsa has the highest proportion (54.19%) forest area coverage. Nevertheless, a major portion of the forests of Parsa fall in Parsa National Park, and only 11,585.6 ha of forest is managed under the Division Forest Office. Forest area coverage in Bara stands at 37 percent. In the Rautahat district, almost a quarter of the land is covered by forest. Dhanusa and Mahottari districts each have around 22 percent of lands covered by forests.

⁷ Terai region: The Terai region is a lowland region in southern Nepal that lies south of the outer foothills of the [Himalayas](#), the [Siwalik Hills](#), and north of the [Indo-Gangetic Plain](#). The region occupies 17% of the country land (over 2 million ha). The altitude ranges from 63 to 330 m above mean sea levels and represents sub-tropical climatic zone with hot and humid summers, intense monsoon rain, and dry winters. Terai’s soil are alluvial deposits – unconsolidated material deposited by rivers.

⁸ Chure (Siwalik region): The Chure, also known as the Siwalik, is the youngest mountains in Nepal and is located between the Terai in the south and mid-hills (Mahabharat range) in the north. It occupies 12.78% (1,896,255 ha) of the national territory and expands over 36 districts including the DGM Nepal project districts. The Chure is geologically fragile which is composed of sandstone and conglomerate rock formation and are poorly consolidated. The climate of the Chure ranges from sub-tropical to warm temperate and is characterized by hot and sub-humid summers, intense monsoon rain, and cold dry winters.

The proportion of land represents the Siwalik region that ranges from 9.61 percent in the Rautahat district to 25.53 percent in Parsa (Table 10, Figure 4). The rest of the districts fall under the Terai region except for the Parsa district, of which 16 ha of land represents Mid-hills.

TABLE 10: DISTRICT-WISE FORESTS AND OTHER LAND DISTRIBUTION IN MADHESH PROVINCE

Districts	Forest area ('000 ha)	Forest (%)	Other lands ('000 ha)	Other lands (%)	Total land area ha ('000)	The proportion of District within Chure (%)
Saptari	21.14	16.5	106.95	83.5	128.09	18.44
Siraha	18.19	15.97	95.7	84.03	113.89	18.49
Dhanusa	27.15	22.84	91.7	77.16	118.85	25.53
Mahottari	22.24	22.23	77.81	77.77	100.05	16.28
Sarlahi	25.77	20.4	100.55	79.6	126.32	18.6
Rautahat	26.29	25.32	77.53	74.68	103.82	9.61
Bara	46.63	36.64	80.64	63.36	127.27	16.13
Parsa	76.23	54.19	64.45	45.81	140.68	20.54
Total	263.63	27.49	695.34	72.51	958.97	18.34

Source: FRA (2015), NAST (2012, p8)

Forests in Madhesh Province are being managed under different approaches. The majority of forests fall under Protected areas (i.e., Parsa National Park and Koshi Tappu Wildlife Reserve), where human access and management, and the use of forest resources are generally restricted (Table 11). A total of 80,014 ha forest area is being managed as community forests by 512 CFUGs. The figure in the table below shows that a considerable portion of the forests is still under the jurisdiction of the government.

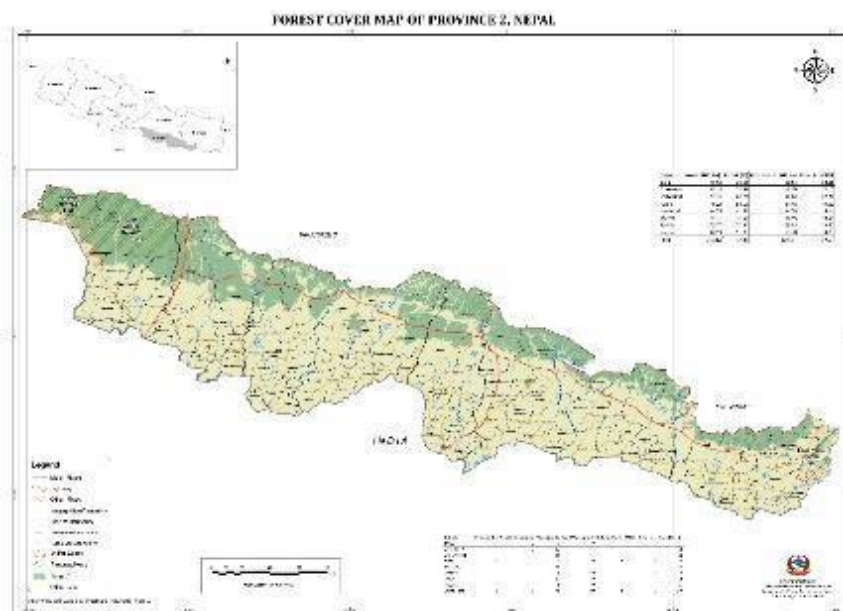


FIGURE 4: FOREST COVER MAP OF MADHESH PROVINCE

Altogether 16 Collaborative Forest Management (CFM) groups exist in the province to manage 40,912 ha of forest. There exists a total of 44 Leasehold forest groups (LHFG) in the province. The number of religious forest groups in the province is nominal. Protected forests and block forests are also in practice under the control of the government. Some parts of the forests are reported to be managed under customary practices (e.g., Mukhiya in Bara) by Tharu (an IP group) in the Province.

TABLE 11: FOREST UNDER DIFFERENT MANAGEMENT REGIMES IN MADHESH PROVINCE

Forest management regimes	Number in the Province	Area (Ha)	Remarks
Community Forest	512	80,014	
Collaborative Forest	16	40,912	
Leasehold Forest	44	237	
Religious Forest	10	64	
Protected Forest	1	360	Dhanushadham
Protected Area	2	88,544	Parsa National Park and Koshi Tappu Wildlife Reserve
Forest Development Program (Sagarnath)	1	13,114	
Government-managed forest	8 Districts	60,304	
Block forest	1	1,052.92	Dhansar (Rautahat)

Source: MoITFE Madhesh Province (2019)

CFUGs are disproportionately distributed across the districts in Madhesh Province. Saptari and Siraha districts have the largest number of (132 and 102 respectively) of CFUGs while Parsa district has only 4 CFUGs. Leasehold Forest is practiced only in Dhanusa and Sarlahi districts (Table 12). Collaborative Forest Management is exercised in all districts except for Saptari and Siraha districts.

TABLE 12: DISTRICT-WISE FOREST MANAGEMENT PRACTICES IN MADHESH PROVINCE

District	Total number of CBFM Groups				
	CFUGs	LHF	CFMGs	Private Forest Owners	Religious Forests
Saptari	132	0	0	88	NA
Siraha	102	0	0	101	NA
Dhanusa	40	25	1	210	NA
Mahottari	74	0	3	57	NA
Sarlahi	77	19	3	79	NA
Rautahat	43	0	3	72	NA
Bara	40	0	4	216	NA
Parsa	4	0	2	177	1
Total	512	44	16	1000	10

Source: MoITFE – Lumbini Province (2019), and Madhesh Province

More interestingly, of the total 136 local governments- LGs (Rural Municipalities, Municipalities, Sub-metropolitan city, and Metropolitan city), 84 (61.76%) LGs do not have any type of forests under their jurisdictions (Table 13).

TABLE 13: DISTRICT-WISE MUNICIPALITIES WITH AND WITHOUT FORESTS IN MADHESH PROVINCE

Districts	Total municipalities		
	With forests	Without forests	Total
Saptari	8	10	18
Siraha	11	6	17
Dhanusa	6	12	18
Mahottari	3	12	15
Sarlahi	7	13	20
Rautahat	7	11	18
Bara	3	13	16
Parsa	7	7	14
Total	52	84	136

Source: FRTC, 2018

Madhesh Province has experienced a dynamic forest cover change over the decade. The forest covers decreased by 0.21 percent annually between the years 1995 and 2010 in Madhesh Province. However, the trend reversed after 2010 (Table 14). The FRA data of 2015 and the data of 2010 (DFRS, 2015, p.10) depict that the forest coverage in all districts changed positively probably due to efforts of community-based forest management practices.

TABLE 14: FOREST AREA AND FOREST COVER CHANGE IN THE MADHESH PROVINCE DISTRICTS

Districts	Forest Area (ha) 1995	Forest Area (ha) 2010	Change between 2010 & 1995 (ha)	Annual Rate of Change (ha)	Annual Rate of Change (%)	Forest Area (ha) 2015	Change between 2010 & 2015	Annual Rate of Change (%)
Saptari	18372	18327	-45	-3	-0.02	21136	2809	3.07
Siraha	16978	15793	-1185	-79	-0.47	18191	2398	3.04
Dhanusa	28018	26685	-1333	-88.86	-0.32	27149	464	0.35
Mahottari	12865	12772	-93	-6.2	-0.05	22236	9464	14.82

Sarlahi	14409	14090	-319	-21.26	-0.15	25772	11682	16.58
Rautahat	8719	7234	-1485	-99	-1.14	26288	19054	52.68
Bara	15580	15177	-403	-26.86	-0.17	46628	31451	41.45
Parsa	51779	51282	-497	-33.13	-0.06	76230	24948	9.73
Total	166720	161360	-5360	-357.33	-0.21	263630	102270	12.68

Source: FRA (2015)

3.3.3.2 Geographic Features and Forest Management Status in Lumbini Province

A. Geographic Location of Lumbini Province

Lumbini Province represents diverse physiographic features. This province extends from a latitude of 27° 20' to 29° 0' N and longitude of 81° 21' to 81° 02' E in Western Nepal. The total area of Lumbini Province is around 2.2 million ha, which is about 15 percent of the total area of Nepal. About 54 percent of the total area of this Province lies in Terai or inner Terai.

The altitude of this Province ranges from about 100 m in the Terai to 7,246 m in the Putha Himal in Rukum-East. It includes 12 districts, of which 5 are in the Terai, (Banke, Bardia, Kapilvastu, NawalNawalparasi west, and Rupandehi); 1 in the Chure (Dang); 5 in the Mid-hills (Arghakhanchi, Gulmi, Palpa, Pyuthan, Rolpa) and Rukum East which is categorized as High-Hills. The province has a total of 109 Local Governments consisting of 73 Rural Municipalities, 32 Municipalities, and 4 Sub- Metropolitan Cities.

B. Forest Management Practices in Lumbini Province

Forest covers nearly half of the total land (1.9 million ha) in Lumbini Province (Table 15, and Figure 5). However, forest coverage varies across the districts in the Province. Dang district has the highest forest coverage (65.6%) while Nawalparasi west represents the least forest coverage with 30.3 percent of the total land.

TABLE 15: DISTRICT-WISE FORESTS AND OTHER LAND DISTRIBUTION IN LUMBINI PROVINCE

Districts	Forest area (ha)	Shrub land (ha)	Total forest area (ha)	Total Forest (%)	Other land (ha)	Total land (ha)
Nawalparasi west (Susta Bardaghat West)	21,960	37	21,997	30.3	50,598	72,595
Rupandehi	25,105	403	25,508	19.54	105,013	130,521
Kapilvastu	59,025	1,944	60,969	36.92	104,167	165,136
Arghakhanchi	73,142	818	73,960	59.69	49,950	123,910
Gulmi	45,215	1,124	46,339	41.83	64,439	110,778
Palpa	77,974	4,799	82,773	56.62	63,418	146,191
Pyuthan	64,235	431	64,666	48.95	67,427	132,093
Rolpa	94,447	5,151	99,598	52.82	88,951	188,549
Rukum East	55,650	10,600	66,250	39.39	101,940	168,190
Dang	192,682	8,043	200,725	65.6	105,261	305,986
Banke	116,360	1,549	117,909	62.7	70,137	188,046
Bardiya	111,550	2,137	113,687	56.83	86,378	200,065
Total	937,345	37,036	974,381	50.43	957,679	1,932,060

Source: MoITFE (2020)

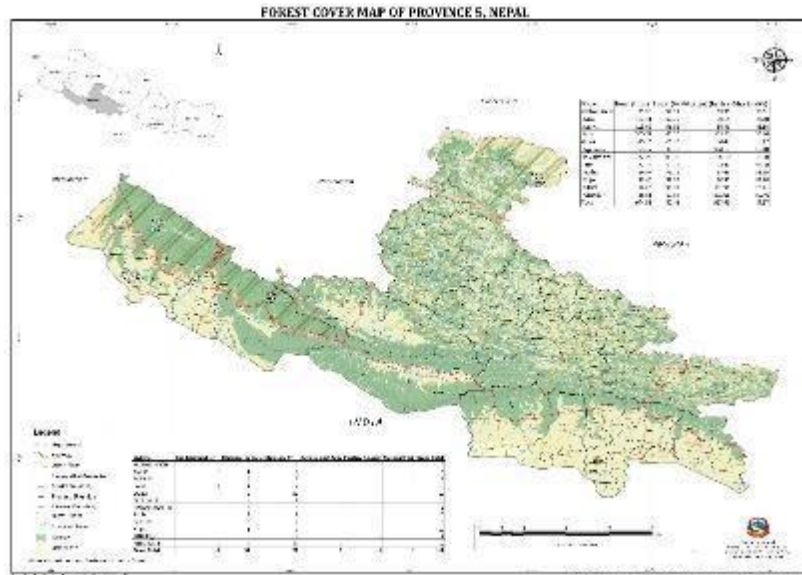


FIGURE 5: DISTRICT-WISE FOREST DISTRIBUTION IN LUMBINI PROVINCE

As shown in Table 16, the Lumbini Province presents diverse forest patterns distributed across the five physiographic regions in the Lumbini Province. The major portion of the forests exists in the Siwalik region distributed in nine districts. Mid-hill forests also cover the major part distributed in eight districts, while Himal forests are only in Rukum-East.

Some districts have forests in several physiographic regions. Forests of Rukum East distribute in three physiographic regions including Mid-hills, high-hills, and Himal whereas forests range from Siwalik, Mid-hills, and High-hills in Pyuthan. Rupandehi, Kapilvastu, Banke, and Bardiya have forests in Terai and Siwalik region.

TABLE 16: DISTRICT-WISE FORESTS DISTRIBUTION ACROSS PHYSIOGRAPHIC REGIONS IN LUMBINI PROVINCE ('000)

Districts	Forest Under different physiographic regions					Total
	Terai	Siwalik	Mid-Hills	High-hills	Himal	
Nawalparasi west	0.71	16.01	5.27	0.00	0.00	21.99
Rupendehi	6.79	18.72	0.00	0.00	0.00	25.51
Kapilvastu	39.35	21.62	0.00	0.00	0.00	60.97
Arghakhanchi	0.00	40.20	33.76	0.00	0.00	73.96
Gulmi	0.00	0.00	46.29	0.04	0	66.27
Palpa	0.00	19.48	63.29	0.00	0.00	82.77
Pyuthan	0	1.99	55.6	7.07	0	64.66
Rolpa	0	0	76.38	23.22	0	64.66
Rukum East	0	0	4.49	55.31	6.47	66.27
Dang	0	162.44	38.28	0	0	200.72
Banke	40.46	77.45	0	0	0	117.91

Bardiya	47.40	66.29	0	0	0	113.69
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Total	134.71	424.2	323.36	85.64	6.47	974.38
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As in Madhesh Province, forests in the Lumbini Province are managed under various approaches (Table 17). The major portion of the forests is managed under the community forest (CF) whereby 4,011 CFUGs are currently managing nearly 0.6 million ha of forests. Over 22,560 ha of forests are under CFM and altogether 376 LHF groups are actively managing 2,260 ha forests under leasehold forestry. Similarly, some parts of the forests are under customary practices managed by Tharu (e.g., Maijan in Madhesh Province Districts, Barghar⁹ and Jutela in Bardiya district, and Aghewa and Khayla in Dang district) in the Lumbini Province.

TABLE 17: FOREST AREA (HA) UNDER DIFFERENT MANAGEMENT REGIMES IN LUMBINI PROVINCE

Forest management regimes	Number in the Province	Area (Ha)	Remarks
Community Forest	4011	628,946	
Collaborative Forest	8	22560	
Leasehold Forest	376	2260.23	
Religious Forest	27	817.48	
Protected Forest	5	36,303	Madane , Resha, Thaple Satyabati Salimedaha (Gulmi), Khata (Bardiya), and Gaumukhi (Pyuthan)
Protected Area	3	153,400	Banke and Baridya National Park and Krishnashar Conservation Area
Government-managed forest	12 District	57,560	
Block forest	2	2,578	Kalapani Khola (Dang), and Shamshergunj area (Banke)

Table 18 shows the district-wise distribution of forests under various management approaches. However, the number and forest area vary across the districts. Each district has forests being managed by CFUGs. Forests under LHFGs exist only in five mid-hill districts of Gulmi, Palpa, Pyuthan, Rolpa, and Rukum East, while forests under CMF exist only in Nawalparasi west, Rupandehi, and Kapilvastu. Interestingly, private forest owners are present in all districts. The figures in Table 16 show the existence of some portions of Government-managed forests exists in all districts.

Community-based forest management in both provinces and beyond is the outcome of the collective efforts of the community groups and hence the CBFM has been recognized as a prominent approach in Nepal. No cases are documented that CBFM has caused negative effects on communities including IPs and LCs. However, there are few cases of exclusion of season herders from allowing grazing their cattle (sheep) with the start of community forests. This case was reported to be from the western mountain district – Humla whereby seasonal herders (who are not the permanent residents of the community forest area) were not allowed to graze their

⁹Barghar and Aghewa are the institutions of selecting leader who is responsible resolving conflicts and making decisions on development and planning including management of forests and other resources

(Khadka, 2016).

cattle when the forests were given to the particular communities (who have permanently been residing). Besides, elite capture, lack of transparency, exclusion of Dalits and marginalized groups, and misuse of group funds by executive committee members of the groups are often reported to occur in some forest user groups. These governance issues are not applied to all forest groups but relate to the particular groups that may be in the DGM Nepal project areas.

TABLE 18: DISTRICT-WISE MANAGEMENT OF FOREST UNDER DIFFERENT REGIMES IN LUMBINI PROVINCE

District	National Forests												Private Forest Owners		
	CFUGs		LHF		CMFGs		Religious Forests		Protected forest		Block Forest				GMM (Ha)
	No.	Ha	No.	Ha	No.	Ha	No.	Ha	No	Ha	No.	Ha	No.	Ha	
Nawalparasi west	40	6840.09	0	0	1	1781.32	0	0					13375.59	85	30.51
Rupandehi	106	16005.3	0	0	2	2085	4	27.47					7390.23	85	95.778
Kapilvastu	119	17690.02	0	0	5	18693	6	186.63					24399.35	155	239.93
Arghakhanchi	442	30790	0	0	0	0	0	0					43170	22	19.22
Gulmi	453	18485.7	8	43.3	0	0	2	166.87	3	22361			5282.13	30	13.16
Palpa	702	40780.60	114	1034.66	0	0	4	261.11					40696.62	45	24.06
Pyuthan	443	54756	184	806.76	0	0	0	0	1	18038			-8934.76	7	10.36
Rolpa	628	51287.9	55	325.02	0	0	1	0.75					47984.33	5	8.27
Rukum East	141	12693	15	50.49	0	0	0	0					53506.51	10	4.27
Dang	513	102675.72	0	0	0	0	6	153.02			1	545.63	97350.63	286	126.58
Banke	117	21559.45	0	0	0	0	0	0			1	2578	93771.55	42	29.69
Bardiya	307	20332.21	0	0	0	0	4	21.63	1	4504		0	88829.16	132	133.61
Total	4011	393896	376	2260.23	8	92570.3	27	817.48	5	44903	2	3123.6	506821.34	904	735.438

Source: MoITFE (2020)

Almost all Local Governments (LGs) have forests (Table 19) except for 9 LGs (Five of Rupandehi, three of Kapilvastu, and one of Banke) that do not have any type of forests.

TABLE 19: DISTRICT-WISE MUNICIPALITIES WITH AND WITHOUT FORESTS IN LUMBINI PROVINCE

Districts	Total municipalities		
	With forests	Without forests	Total
Nawalparasi west	7	0	7
Rupandehi	11	5	16
Kapilvastu	7	3	10
Arghakhanchi	6	0	6
Gulmi	12	0	12
Palpa	10	0	10
Pyuthan	9	0	9
Rolpa	10	0	10
Rukum East	3	0	3
Dang	10	0	10
Banke	7	1	8
Bardiya	8	0	8
	100	9	109

4. Overview of Policy, Legal and Regulatory Framework

4.1 Introduction

The activities under the project will be undertaken in a way that is consistent with the relevant laws, regulations, policies of the Government of Nepal, the World Bank Environmental and Social Standards (ESSs), and relevant international treaties and conventions. This chapter highlights the relevant legal and institutional frameworks that have been considered in the preparation of the ESMF. It also identifies gaps between the country's law/regulations and the World Bank's ESS and proposes gap-filling measures relative to the operation of the project. 4.2 National Policies and Regulatory Framework of Environmental and Social Impacts of the project.

Preparation of this ESMF was informed by several national laws and regulations relevant to their implications for technical operations of the project as well as the assessment and management of the potential adverse impacts of project activities on the environment and social landscape of the project. The following national legal instruments were considered. Detailed considerations of the instruments are attached in Annex 2.

- Constitution of Nepal, 2015
- National Environmental Policy, 2076 (2019)
- Environment Protection Act, 2019 (2076 BS) and the Regulation (2020) (2077 BS)
- Forestry Sector Strategy (2016-2025)
- National Forest Policy, 2019 (2075 BS)
- Forest Act, 2019 (2076 BS)
- Climate Change Policy, 2076 (2019), GoN
- Nepal National REDD+ Strategy, 2018
- Local Government Operations Act, 2017
- Labor Act, 2074 BS (2017 A.D.), Labor Rules, 2075 B.S. (2018 A.D.)
- Provincial Forest Act 2021 of Madhesh Province, Forest Bill (2021) of Lumbini Province
- Indigenous Peoples Commission Act, 2017 (2074 BS)
- National Dalit Commission Act, 2017 (2074 BS)
- National Parks and Wild Life Conservation Act – 1973, and Buffer Zone Management Rules, 1996 (2052 BS)
- Solid waste management Act, 2011

4.2 World Bank Environmental and Social Framework

The World Bank Environmental and Social Framework sets out the Bank's commitment to sustainable development, along with 10 Environmental and Social Standards (ESS) that indicate the requirements for borrowers and project implementers like RRN to identify and assess the environmental and social risks and impacts associated with projects supported by the Bank through Investment Project Financing. Nine of the 10 ESSs are relevant for assessing and managing the environmental and social impacts of this project and include;

- ESS1: Assessment and Management of Environmental and Social Risks and Impacts;
- ESS 2: Labor and Working Conditions;

- ESS 3: Resource Efficiency and Pollution Prevention and Management;
- ESS 4: Community Health and Safety;
- ESS 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement;
- ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources;
- ESS 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities;
- ESS 8: Cultural Heritage;
- EES 10: Stakeholder Engagement and Information Disclosure.

Table 20 shows the applicability and overview of the relevance of each ESSs for the DGM Nepal project. In addition, the Bank's Directive Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups provides additional guidance in terms of how RRN will identify and support IPs and LCs through this project. Marginalized and disadvantaged individuals or groups will be prioritized for project support where possible.

TABLE 20: APPLICABILITY OF THE WB ESSs FOR THE DGM NEPAL PROJECT

World Bank ESSs	Relevance	Overview of the relevance of the ESSs	Addressing the ESSs
<p>ESS 1: Assessment and Management of Environmental and Social Risks and Impacts</p>	<p>Relevant</p>	<p>Project activities include the capacity building for SFM and REDD+ processes secure community forest user rights with recognition of traditional livelihoods and customary governance, forest mapping including customarily managed forests, forest-based green jobs, improvement and/or development of forest-based industries, capacity building, and technical assistance as well as income generation activities based on forest products from sustainable management, and innovative solutions to human-wildlife conflict. These have the potential to cause environmental and social risks and impacts. The project will place a strong emphasis on providing benefits to a range of vulnerable or otherwise marginalized households, women, differently able youths IPs, and LCs including Dalit, Muslims, and Madhesi communities.</p>	<p>The project is likely to generate some adverse environmental and social impacts associated with components 1 and 2, capacity building on SFM, sustainable harvesting utilizations, green jobs, and forest-based enterprises. An Environmental and Social Management Framework has been drafted with procedures for addressing and mitigating these risks.</p>
<p>ESS 2: Labor and Working Conditions</p>	<p>Relevant</p>	<p>Labor management and decent working conditions and gender and social inclusion are important issues for workers in the forest sector in a range of activities supported by the DGM Nepal project including enhancing timber harvesting and sustainable utilization skill in a range of forest-based enterprise types.</p>	<p>This project is not likely to generate adverse social impacts due to labor influx. However, the project likely generates skilled human resources on forest-based income-generating activities of IPs and LCs. Children of IPs and LCs will be motivated to take part in such skill-based training to get skilled jobs in forest-based enterprises. A labor-management plan needs to be developed to avoid and mitigate the concerns related to labor including forced and child labor, as well as to address any occupational health and safety risks and impacts.</p>

World Bank ESSs	Relevance	Overview of the relevance of the ESSs	Addressing the ESSs
ESS 3: Resource Efficiency and Pollution Prevention and Management	Relevant	The project will provide support of technical skills for the implementation and participation in several income-generating activities and forest-based enterprises. Some of which may potentially cause pollution to air and water while some of which may involve the use of chemicals such as in wood seasoning. There might be a possibility of herbicides and pesticides being used to protect the planted saplings and eliminate invasive plants and natural vegetation cover.	ESMF includes a section on pollution prevention and management and energy efficiency with a focus on those issues which might arise from forest-based enterprises, and also provisions for Integrated Pest Management (IPM).
ESS 4: Community Health and Safety	Relevant	Implementation and involvement of IPs and LCs in SFM, private and public land plantations as well as the establishment of various forest-based enterprises and income-generating activities following the capacity building and skill enhancement some benefit may have community health and safety implications.	The ESMF includes assessment of potential risks and impacts to communities arising from project-related activities including, road safety concerns. Such issues will be included in the activity or sub-project-specific ESMPs to be prepared once the sub-projects are identified.
ESS 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Relevant	The project is not expected to involve any involuntary land acquisition, but some activities may seek to rationalize access to and use of forest resources. This can cause losing livelihood options especially high forest-dependent and income-poor households. . Some forests managed under the management of customary practices will be mapped and delineated to maintain the practice of indigenous knowledge and customary practices. Nevertheless, such practice would not restrict any communities from the use of forest products. Similarly, in the instance that community access to forest or natural resources is restricted, as a precautionary measure, this standard has been considered relevant.	<ul style="list-style-type: none"> • A process framework has been prepared in the circumstances that project activities restrict community access to forests or other natural resources. However, it is not expected that project activities will take place in or near legally designated parks and protected areas. • No need for a Resettlement Policy Framework since the project is not expected to involve any involuntary land acquisition or restrictions on land use leading to the displacement of people. • However, precautionary measures will be applied to settle the conflict arising due to the removal of public land encroachers. Livelihood options including skill-based training will be identified targeting the income-poor public land encroachers as necessary.

World Bank ESSs	Relevance	Overview of the relevance of the ESSs	Addressing the ESSs
<p>ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources</p>	<p>Relevant</p>	<p>The project is planned to be implemented in the Terai, Chure, and Mid-Hills of Provinces 2 and Lumbini Province. In all these areas there are potential issues for biodiversity conservation resulting from SFM practices, forest-based enterprises, and forest resource harvesting and utilization including for timber, wood, and NTFPs.</p>	<ul style="list-style-type: none"> • The project supports capacity-building activities on forest-based income-generating activities, forest-based enterprises, agroforestry, and harvesting technologies and there is a potential threat to biodiversity. The ESMF guides mitigating the impacts on habitats, biodiversity, and natural resources. • The potential risks and impacts on biodiversity, habitats will be minimized by the project with the development of good practice guidelines as part of ESMPs.
<p>ESS 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities</p>	<p>Relevant</p>	<p>There are several groups of IPs and LCs organizations and their women and households who are the proponents of the sub-project. The major IPs and LCs organizations in the project area will be provincial, district, and local government level NEFIN, NIWF, NEFDIN, FECOFUN, AFFON, ACOFUN, RDN, and women network (HIMAWANTI) and community forest user groups. The major IPs in the project are those Tharu, Magar, and Tamang as well as various others and LCs including Dalits, Madhesis, Muslims, and marginalized households. Respect and promotion of traditional knowledge and skills and the customary process of forest management and ensuring non-discriminatory practices among and between IPs and LCs will be key targets.</p>	<p>Since the majority of the beneficiaries of the DGM Nepal project will be IPs, women, youths and elderly, a standalone Indigenous Peoples Planning Framework (IPPF) will not be required and elements of the IPPF will be integrated into the ESMF, including procedures of free, prior, and informed consents, institutional arrangement, and capacity building for screening, complaint handling, monitoring and evaluation, and disclosure arrangements. A condition that merits the application of FPIC is not envisaged under the project.</p>
<p>ESS 8: Cultural Heritage</p>	<p>Relevant</p>	<p>There are some cultural heritage sites in the DGM Nepal project area such as Lumbini in Rupandehi and Tilaurakot in Kapilbastu (Lumbini Province) and Janakpurdharm in Dhanusa, Gadhimai in Bara (Madhesh Province). However, there will be no direct link to the project in these areas. Some forests within the project</p>	<ul style="list-style-type: none"> • The DGM Nepal project will not work in designated religious forests as categorized under the Forest Act (2019). However, the Project will identify the forests linked with customary and cultural practices.

World Bank ESSs	Relevance	Overview of the relevance of the ESSs	Addressing the ESSs
		area are under the religious forests that are being managed by religious groups. Sub-projects in and around these forests may have the presence of tangible and intangible cultural heritage.	<ul style="list-style-type: none"> • The provision of the activity or sub-project-specific assessment of cultural-attached forests being managed by IPs and LCs will be included in the ESMF. Activity or sub-project-specific ESMPs will be formulated as necessary.
ESS 9: Financial Intermediaries	Not Relevant		
ESS 10: Stakeholder Engagement and Information Disclosure	Relevant	Effective and meaningful engagement and participation of the IPs and LCs organizations as other relevant stakeholders especially the representatives of three-tier governments who involve in the FPP project or the project is critical to its successful implementation and to ensure that mechanisms are in place for information sharing, knowledge dissemination, and addressing complaints and grievances. Authentic participation may be useful to avoid any misunderstanding on customary practices and resource management and utilization arising between IPs and LCs organizations.	A Stakeholder Engagement Plan (SEP) has been developed as guidance for effective and meaningful stakeholder and rightsholder engagement and participation throughout the DGM Nepal project cycle.

4.3 Gap analysis between WB ESSs and GoN Policies, and Gap Bridging Measures

Table 21 provides a gap analysis and measures to bridge the gaps between the WB ESSs and GoN policy and legal requirements for environmental and social risk management of development projects.

TABLE 21: GAP ANALYSIS BETWEEN WB ENVIRONMENTAL AND SOCIAL STANDARDS AND GoN POLICIES

World Bank ESS requirements		Nepal's policy framework and requirements	Gaps between WB ESSs and GoN & legal and policy requirements	Gap-Bridging Measures
ESS Requirements	ESS Requirements			
<p>ESS 1: Assessment and management of Environmental and Social Risks and Impacts</p>	<p>ESS 1 requires the Borrower will assess, manage and monitor the environmental and social risks and impacts of the project throughout the project life cycle to meet the requirements of the ESSs in a manner and within a timeframe acceptable to the Bank.</p> <p>The Borrower will: (a) Conduct an environmental and social assessment of the proposed DGM Nepal project, including stakeholder engagement; (b) Undertake stakeholder engagement and disclose appropriate information following ESS10; (c) Develop an ESCP, and implement all measures and actions set out in the legal agreement including the ESCP; and (d) Conduct monitoring and reporting on the environmental and social performance.</p>	<p>Environment Protection Act (EPA), 2019; Environment Protection Regulation (EPR), 2020; and National Environmental Impact Assessment Guidelines, 1993 are legal instruments for the requirements of Environmental and Social Assessment of any development projects.</p>	<ul style="list-style-type: none"> • The Schedules are based on activity type, threshold/size, as well as location. The Potential risks associated with the project are omitted in GoN policy; • No provision for associate projects/activities; large projects can be split into smaller projects to avoid full EIA study; • The scope of EIA may not cover all WB ESS. EPA/EPR does not allow the use of other types/forms of assessments' • Does not emphasize hierarchy of measures in ES risk management planning; • Terms of Reference Requiring Environmental Study may not cover all WB ESS. 	<ul style="list-style-type: none"> • Detailed E&S Screening shall be carried out followed by detailed ESMP to bridge the gap between WB and GoN requirements; • The ESMP aims to address all the adverse environmental impacts that arise during the execution and operation of the DGM project and sub-projects; • Sub-project-wise ESMP shall be made an integral part of the bidding proposal document so that the Sub-project grantees shall adhere to the provisions prescribed in the ESMP during the execution of the DGM Nepal project.
<p>ESS 2: Labor and Working Conditions</p>	<p>There are several requirements of ESS2 under the following heading:</p>	<ul style="list-style-type: none"> • Labor Act (2017); Child Labor Act (2001); and Child Labor (Prohibition and Regulation) 	<ul style="list-style-type: none"> • Current Occupational Health and Safety (OHS) legislation is not adequate 	<ul style="list-style-type: none"> • Labor Management Procedures (LMPs) will be

World Bank ESS requirements		Nepal's policy framework and requirements	Gaps between WB ESSs and GoN & legal and policy requirements	Gap-Bridging Measures
ESS Requirements	ESS Requirements			
	<ul style="list-style-type: none"> • Working conditions and management of worker relationships; • Protecting the workforce; • Grievance mechanism; • Occupational Health and Safety • Contracted workers; • Community workers; and; • Primary supply workers 	<p>Rules are legal instruments. Public Health Service Act, 2018 (2075 BS); Nepal is a party of Abolition of Forced Labour Convention, 1957 (No. 105) Convention Concerning the Abolition of Forced Labour, Entry into force: 17 Jan 1959</p>	<ul style="list-style-type: none"> • OHS-related provisions are managed in Chapter 12 of the Labor Act, 2017 (2074 BS). Articles of these chapters stipulate the formulation of Safety and Health Policy, Duties of employers towards workers 	<p>developed and implemented for the project</p> <ul style="list-style-type: none"> • Guidelines to be developed for firms on occupational health and safety (OHS) issues.
<p>ESS 3: Resource Efficiency and pollution prevention and Management</p>	<p>The Borrower shall consider ambient conditions and apply technically and financially feasible resource efficiency and pollution prevention.</p>	<ul style="list-style-type: none"> • Environment Protection Act (EPA), 2019 (Section 7). • National Ambient Air Quality Standards for Nepal (2012) • Water Resources Act, (1992) • Water Resources Rules, (1993) • Drinking-Water Regulation (1998) • Drinking-Water Quality Standards (2005) (2062 BS) • Water Quality Standards and Testing Policy (2011) • Nepal Water Quality Guidelines for the Protection of Aquatic Ecosystem (2008)/Livestock Watering (2008) Recreation/Aquaculture/Irrigatio 	<ul style="list-style-type: none"> • Lack of suitable enforcement mechanisms for legislation on resource use efficiency in projects. 	<ul style="list-style-type: none"> • Resource efficiency and pollution prevention in any project activity need to be emphasized during the design and implementation of the sub-project activities. • National standards related to environmental protection and resource efficiency will be complied with by the project during the sub-project implementation.

World Bank ESS requirements		Nepal's policy framework and requirements	Gaps between WB ESSs and GoN & legal and policy requirements	Gap-Bridging Measures
ESS Requirements	ESS Requirements			
		n Water/Industries (2008) (CBS, 2019)		
ESS 4: Community Health and safety	<p>There is a requirement of ESS4 under the following headings:</p> <ul style="list-style-type: none"> • Community health and safety and • Security personnel 	<ul style="list-style-type: none"> • The EPA identifies the direct and indirect human health impact as one of the components in assessing the effect of development projects. • EPA Chapter 3, Section 15 states that the GoN can notify the standards in the Nepal gazette to reduce the pollution arising from emissions and waste from the transportation, industries, equipment, hotels, and restaurants. This further describes that nobody shall create pollution in such a manner as to cause significant adverse impacts on the environment or likely to be hazardous to public life and people's health; • Public Health Service Act, 2018 (2075 BS). 	<ul style="list-style-type: none"> • There is limited coverage as the scope of ESIA's does not necessarily include community safety issues. • Public health legislation does not specifically impose requirements for development and infrastructure projects. 	ESMPs developed under the DGM project will aim to address all community health and safety issues that arise during the execution and operation of the project.
ESS 5: Land Acquisition, Restrictions on Land Use, and Involuntary Resettlement	<p>There are several requirements of ESS 5 under the following headings:</p> <ul style="list-style-type: none"> • General (Eligibility classification; Project design; • Compensation and benefits for affected persons; 	<ul style="list-style-type: none"> • Clause 3 of the Land Acquisition Act, 1977 (2034 BS) states that any asset that is required for public purposes shall be acquired by providing compensation; • Section 7 of this Act prescribes the formation of Compensation 	<ul style="list-style-type: none"> • Does not require preparation of Resettlement Action Plan (RAP) the project is not expected to involve any involuntary land acquisition or restrictions 	<ul style="list-style-type: none"> • The project shall assist those who have impacts on their livelihoods due to land acquisition by the project; • A livelihood assistance program shall be designed by the project for high affected

World Bank ESS requirements		Nepal's policy framework and requirements	Gaps between WB ESSs and GoN & legal and policy requirements	Gap-Bridging Measures
ESS Requirements	ESS Requirements			
	<ul style="list-style-type: none"> • Community engagement; • Grievance mechanism; Planning and implementation); • Displacement (Physical displacement; Economic displacement); • Collaboration with other responsible agencies or subnational jurisdictions; and • Technical and financial assistance. 	<p>Fixation Committee, and it shall establish the Compensation rates and outlines the mechanism of compensation to be paid for losses resulting from clearing crops and trees, and of demolition of walls, etc, or for damage, if any, suffered as a result of the removal or digging of earth, stone, ditches, or boring;</p> <ul style="list-style-type: none"> • Guthi Corporation Act, 1976 (2033 BS). Section 42 of this Act states that Guthi land (religious trust land) acquired for the development shall be replaced with other lands than compensated in cash; • The Land Act, 1964 (2021 BS) establishes the tiller's right on the land, which s/he is tilling. It additionally specifies the compensation entitlements rights of registered tenants on the sold land by the owner; • Compensation shall be provided for loss of crop damage and income source. 	<p>on land use leading to the displacement of people;</p> <ul style="list-style-type: none"> • Does not allow for Project Affected Person (PAP); • Consultation in the compensation options Does not allow non-cash • Compensation options such as land-for-land and replacement homes, only "arrangements for rehabilitation" and "priority in employment"; • Valuation of lost assets; • Considers depreciation and hence not at replacement cost; • Does not make mention of compensating non-titleholders (tenants, long-term land users, encroachers, and squatters). 	<p>forest-dependent and income-poor households including IPs and LCs;</p> <ul style="list-style-type: none"> • The project shall develop programs such as skill-based livelihoods and income-generating activities supporting adversely affected non-title holders, encroachers, and squatters to mitigate leakage displacement to national forest and public land.

World Bank ESS requirements		Nepal's policy framework and requirements	Gaps between WB ESSs and GoN & legal and policy requirements	Gap-Bridging Measures
ESS Requirements	ESS Requirements			
ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	<p>There are many requirements of ESS 6 under the following headings:</p> <ul style="list-style-type: none"> • General (Assessment of risks and impacts; • Conservation of biodiversity and habitats; • Legally protected and internationally recognized areas of high biodiversity value; • Invasive alien species sustainable management of living natural resources and primary suppliers. 	<p>The Aquatic Animal Protection Act 1960 (2017 BS); National Park and Wildlife Conservation Act 1973 (2029 BS); Forest Act, 2019 (2076 BS), National Forest Policy, 2019 (2075 BS), National Biodiversity Strategy and Action Plan (2014-2020),</p> <p>Biodiversity Strategy has various provisions for biodiversity conservations sustainable management of natural resources.</p>	<ul style="list-style-type: none"> • Natural habitats are not specifically required to be assessed in the EIA; • Does not specifically require the preparation of a Biodiversity Management Plan even where biodiversity impact is found significant in the EIA. • Assessment of potential introduction of alien invasive species and their control is not adequate. Most of the EIA/IEE studies do not consider the invasive species issue as significant, and this might create serious biodiversity issues in the long run. 	<ul style="list-style-type: none"> • All the provisions of relevant laws will be complied with by the project regarding the conservation of biodiversity and natural resources; • A separate Biodiversity Management Plan needs to be developed for project activities that have potentially significant impacts on biodiversity.
ESS 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	<p>There are several requirements of ESS 7 under the following headings:</p> <ul style="list-style-type: none"> • General (Projects designed solely to benefit IPs/Sub-Saharan African historically underserved traditional local communities; • Projects where IPs/Sub-Saharan African historically underserved traditional local communities are not the sole beneficiaries; 	<p>The GoN encourages to include and consider IPs and LCs concerns in each development and infrastructure program and formulate a plan or mechanism to incorporate income generation programs targeted to IPs and LCs.</p> <p>Indigenous Peoples Commission Act, 2017 (2074 BS), National Dalit Commission Act, 2017 (2074 BS), Tharu Commission Act, 2017 (2074 BS), National Women Commission</p>	<p>The GoN encourages any development programs to incorporate income generation schemes, especially for forest-dependent IPs along with other marginalized households.</p> <p>The provision and practice of FPIC and broad community support concerning IPs are absent. Nonetheless, the</p>	<p>While the majority of DGM Nepal project beneficiaries are IPs, their organizations, associations and federations, women, youth, elderly people, and differently able people, preparation of the separate Indigenous Peoples Plans (IPPs) will not be required.</p> <p>Nevertheless, the project shall duly consider the beneficiaries' selection and approval of the</p>

World Bank ESS requirements		Nepal's policy framework and requirements	Gaps between WB ESSs and GoN & legal and policy requirements	Gap-Bridging Measures
ESS Requirements	ESS Requirements			
	<ul style="list-style-type: none"> • Avoidance of adverse impacts; • Mitigation and development benefits; Meaningful consultation tailored to IPs/Sub-Saharan African historically underserved traditional local communities; • Circumstances requiring free, prior, and informed consent, FPIC (Impacts on lands and natural resources subject to traditional ownership or under customary use or occupation); • Relocation of IPs/ Sub-Saharan African historically underserved traditional local communities from lands and natural resources subject to traditional ownership or under customary use or occupation; • Cultural heritage; • Grievance mechanism; and • IPs/Sub-Saharan African historically underserved traditional local communities and broader development planning. 	Act, 2017 (2074 BS), Madhesi Commission Act, 2017 (2074 BS), Muslim Commission Act, 2017 (2074 BS).	GoN has ratified the Indigenous and Tribal Peoples Convention, 1989 (No. 169) of the International Labor Organization (ILO 169), the United Nations Declaration of Rights of Indigenous People (UNDRIP), and the World Council of Indigenous Peoples (WCIP) Outcome Document. The GoN is in the process of preparing a National Action Plan to guarantee incorporation of these international commitments into national policies and programs	<p>sub-projects targeting the endangered, highly marginalized, and marginalized group of IPs as per the categorization made by the NEFIN. The sub-project will focus on;</p> <ul style="list-style-type: none"> • Creating an environment for social inclusion; enabling their participation in policy discussions and decision-making; • Promoting IPs' along with LCs' participation in the complementary DGM Nepal project; • Promoting their culture, language, and knowledge through different project activities.
ESS 8: cultural heritage	<p>There are many requirements of ESS 8 under the following headings:</p> <ul style="list-style-type: none"> • General Stakeholder consultation and identification of cultural 	Environment Protection Act, 2019, Chapter-5 Clause 29, and Environment Protection Regulation 2020, Chapter-6 Clause 32 sets out provisions for the	<ul style="list-style-type: none"> • Does not include intangible cultural heritage; 	<ul style="list-style-type: none"> • The ESMF incorporates "Chance Finds" provisions and requirements; • ESMPs developed under the project will aim to address

World Bank ESS requirements		Nepal's policy framework and requirements	Gaps between WB ESSs and GoN & legal and policy requirements	Gap-Bridging Measures
ESS Requirements	ESS Requirements			
	<p>heritage (Confidentiality; Stakeholders' access);</p> <ul style="list-style-type: none"> • Legally protected cultural heritage areas; • Provisions for specific types of cultural heritage(Archaeological sites and material; Built heritage; Natural features with cultural significance; Movable cultural heritage); and • Commercial use of cultural heritage. 	<p>protection of national heritage. Clause 33 of the regulation describes prohibited activities avoiding damage to cultural heritage accessories, plants, wildlife without the permission of the concerned authority.</p>	<ul style="list-style-type: none"> • Does not provide provision for the development of Cultural Heritage Plan; • Does not specify the provision for the application of globally recognized practices in the study, documentation, and protection of cultural heritage; • Does not provide for the adoption of a chance to find procedures. 	<p>any issues of intangible cultural heritage that may be affected by the execution and operation of the project.</p>
<p>ESS 10: Stakeholder Engagement and Information Disclosure</p>	<p>There are several requirements of ESS 10 under the following headings:</p> <ul style="list-style-type: none"> • Engagement during project preparation (Stakeholder identification and analysis; Stakeholder Engagement Plan; Information disclosure; Meaningful consultation); • Engagement during project implementation and external reporting; Grievance mechanism; and • Organizational capacity and commitment 	<p>The Environmental Protection Regulation (2020) chapter 2 clause 6requires the project proponents to notify the notice in a public place and collect suggestions and concerns from the stakeholders, individuals, and organizations of the project sites within 7 days. This clause requires the proponents to operate public hearings for all projects that require a Concise Environment study, IEE, and EIA during the preparation of the report for the collection of inputs and comments from the stakeholders.</p>	<p>Does not provide for regular consultation with and engagement of stakeholders beyond the EIA process during the construction and operation phase.</p>	<p>The stakeholder Engagement Plan (SEP) has been developed to ensure sharing and exchanging lessons among the rightsholders and stakeholders. Besides, SEP ensures a provision of tailored and culturally appropriate consultation with rightsholders particularly IPs and LCs and vulnerable groups. A dedicated webpage for the DGM Nepal project will be developed and project-related information will be disclosed along with the webpage and other appropriate means.</p>

4.4 Relevant International Declaration, Conventions, and Treaties

Nepal is a signatory and has ratified several UN and other international declarations, conventions, and treaties. Some of these treaties and conventions have implications for implementing this project and/or extending responsibilities for managing the environmental and social impacts of this project. The relevant declarations and conventions which have been reviewed to inform this ESMF include:

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

The UNDRIP is an international policy safeguarding the rights of indigenous peoples. UNDRIP sets out the individual and collective rights of IPs, as well as their rights to culture, identity, language, employment, health, education, and other issues. Article 26(1) of the UNDRIP notes that IPs are entitled to own, use, develop, and control the lands, territories, and resources they possess because of traditional ownership or other traditional occupation or use, as well as those they have otherwise acquired. UNDRIP recognizes the principles of Free, Prior, and Informed Consent (FPIC) which specifically pertains to IPs. FPIC emphasizes bottom-up participation and consultation of an indigenous population prior to the beginning of development on ancestral land or using resources in an indigenous population's territory. FPIC allows IPs to give or withhold consent to any project that may affect them or their territories. FPIC generally enables IPs to negotiate the conditions under which the project will be designed, implemented, monitored, and evaluated. The project will respect IPs' rights over the land and forests they have been managing traditionally within the scope of the government's legal provisions. The DGM Nepal project will also apply the principles of FPIC where necessary.

4.4.2 UNFCCC Safeguard Principles for REDD+

To ensure the REDD+ initiative adequately address the environmental and social concerns including the rights of IPs and LCs, social participation, and preservation of natural ecosystems, UNFCCC has specified a set of safeguard principles (known as "Cancun Safeguards defined in Annex 3) that should be put in place in undertaking REDD+ and similar initiatives. The principles include both environmental and social safeguards including "respect for the knowledge and rights of IPs and members of LCs and full and effective participation of relevant stakeholders in particular IPs and LCs.

Nepal's National REDD+ Strategy, 2018 shows a clear commitment to integrating and ensuring social and environmental safeguards in the REDD+ activities, and the establishment and strengthening of gender-related grievance redress mechanisms (MoFE, 2018). These documents emphasize the need to address issues of discrimination against women and social exclusion of IPs, Dalits, and other marginalized communities in the REDD+ program, and recommend the mandatory inclusion of women in policies and programs. Hence, the DGM Nepal project needs to address the issues of possible gender discrimination against women and the social exclusion of IPs, Dalits, and other marginalized communities.

4.4.3 UN Convention on Biological Diversity

This convention underscores the linkages between sustainable conservation of natural resources with the rights and knowledge of IPs and LCs. Nepal's National Biodiversity Strategy and Action

Plan (2014-2025) indicated that low levels of public awareness and participation are one of the key threats to biodiversity. The strategy recognizes the importance of indigenous knowledge in the conservation of biodiversity, which should be applied to conservation to provide optimum benefits to local indigenous communities in a sustainable manner. The strategy commits Nepal to ensure the Intellectual Property Rights (IPRs) of farmers and local communities through appropriate strategies and legislation. The document accepts that the vital contribution of women to the management of biological resources and economic production has generally been misunderstood, ignored, or under-estimated. Rural women in Nepal are often the most knowledgeable about the patterns and uses of local biodiversity.

4.4.4 International Labor Organization (ILO) Convention 169

The ILO Convention on Indigenous and Tribal Peoples (No.169) generally known as ILO Convention 169) is relevant to the DGM project activities. This convention promotes the rights of IPs relative to their consultation and participation on issues affecting their development. Besides, this convention also protects and promotes the culture of IPs, indigenous knowledge, and customary practices of land, livelihoods, and forest management. Nepal is a signatory party (ratified on the 22nd August 2007) and any program including the project requires to adopt special measures as appropriate for safeguarding the persons, institutions, property, labor, cultures, and environment of IPs. Relevant aspects of this convention have been drawn to inform the preparation of this ESMF to guide the implementation of project activities.

4.4.5 United Nations Convention on the Elimination of all Forms of Discrimination against Women (CEDAW)

CEDAW seeks to adopt the measures required for the elimination of different forms of discrimination against women. Signatory countries of the CEDAW, including Nepal, are obliged to ensure that women are provided equal rights and opportunities to participate in policy-making, development planning, and implementation, as well as community activities; to engage in employment with equal remuneration; to be able to own or have equal access to the property, and to engage in capacity development. Under the Convention, countries must also ensure that women have equal access to credit and loans, public and extension services, education, and training. As a signatory to the Convention, Nepal has committed to taking the necessary measures to eliminate discrimination against women. The grant-making mechanism under this project will be guided by this convention making sure that women (from the targeted communities and groups) are not discriminated against.

4.4.6 Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) adopted at the Special Summit on Sustainable Development in September 2015 reaffirmed the specific goal for achieving gender equality and empowerment of all women and girls and proposed various indicators to mainstream gender throughout other goals as well. There are altogether 17 interdependent goals that allow coordinated action on several fronts. SDG 5 is related to achieving gender equality and empowering all women and girls. Being one of the signatories of the UN General Assembly Resolution: Transforming our world: the 2030 Agenda for Sustainable Development; Nepal

strives to mainstream the core agenda principle of SDG - “Leave no one Behind” and gender equality through the sectoral programs.

5. Environmental and Social Impacts of the Project Activities

5.1 Potential Environmental and Social Impacts and Mitigation Measures

The proposed project interventions are likely to pose environmental and social risks and impacts since the project areas (i.e., Madhesh Province Lumbini Province, Bagamati province, Gandaki Province and Sudurpaschim province) feature diverse biophysical and socio-economic contexts. Disproportionate distribution of the forest area, diverse types and management practices, differential forest-dependency among the IPs and LCs are some of the factors of the project area that will generate both environmental and social risks.

Of the three components of the proposed DGM project, activities within Component 1 will be implemented in 7 Province while activities under component 2 will be carried out primarily in Madhesh Province and Lumbini Province. Activities associated with these two components generally comprise the capacity building, forest management, and income-generating activities which may have environmental and social risks and impacts at different stages of the project cycle. The project activities under Component 3 mostly relate to Project management, monitoring, and evaluation which may not have direct environmental or social impacts. However, some activities such as policy consultations with three-tier governments, media engagement, regular and periodic environment and social monitoring including IPs audit, gender audit may have some indirect beneficial social impacts such as improved transparency, trust, evidence-based reporting, etc.

It is not specified whether DGM Nepal project activities are implemented in all Local Governments of Madhesh Province and Lumbini Province while FIP- FPP is implemented only in 50 selected Local Governments of these Provinces. In this context, activity or sub-project-specific assessment of the environmental and social impacts of project interventions is not yet possible.

While only the broader level of activities of capacity building including training on SFM, climate change including REDD+, and forest management, capacity building (Beneficiary Orientation and Training) for BSP implementation and preparation of investment plan for BSP are defined under component 1, and no specific activities are defined yet. Specific activities will be identified through the Capacity Need Assessment. Similarly, most of the income-generating activities under components 2 broadly cover the activities to support SFM and forest-relevant activities (also known as sub-projects) including green jobs for IPs and LCs, NTFPs value addition, innovating solutions to human-wildlife conflict, and promotion of traditional livelihoods, which are proposed to be selected based on Call-for-Proposal (CfP) from IPs and LCs organizations. However, the types, scale, and nature of sub-projects/activities that will be designed by IPs and LCs organizations are unclear. While no specific sub-projects are defined for both components, determination of specific beneficial and adverse types of environmental and social impacts is not yet possible. In this context, most likely environmental and social impacts of the broader level of project activities of three components are explored and mitigation processes and measures are suggested to address adverse environmental and social impacts in the following sub-sections.

5.1.1 Potential Environmental and Social Impacts of Component 1

Component 1 will deliver capacity-building for IPs and LCs for SFM, to secure community forest

user rights with recognition of traditional livelihoods and customary governance, and to engage in policy dialogue on REDD+ (See page 8 PAD- DGM Nepal project). Most of the proposed

activities of Component 1 are capacity-building for IPs and LCs organizations on SFM, dialogue skills, and enable them to secure use and management rights over the forest and land with recognition of traditional livelihoods and customary governance. Other activities of this component include support for the technical assistance for capacity building and training activities focusing on skill development including wood carving and bamboo handicrafts, beekeeping, biochar, and briquettes. Similarly, this component has a capacity-building on ecotourism and homestay promotion and training on national and global REDD+ process, climate change, climate resilience, and biodiversity conservation. Capacity-building activities for BSP implementation will focus on training and orientation sessions to the beneficiaries to ensure their understanding of and access to benefit-sharing mechanisms including preparing investment plans.

Capacity-building activities will have mostly positive environmental and social impacts as the enhanced capacity of IPs and LCs will enhance knowledge and skill on sustainable management of forests. Application of enhanced knowledge in forest management may reduce degradation and increase forest conditions. Capacity building on the use and management rights of IPs and LCs organization will generate several social benefits including the enhancement of IPs and LCs' knowledge on international and national policy provisions of REDD+ and increase IPs and LCs' involvement in the forest management and REDD+ events. This will help to enhance inclusive decision-making in local forest management. Local forest user groups will recognize the importance of customary practices of forest management being exercised by IPs communities and mainstream such practices in regular forest management plans and activities.

Capacity-building activities will also promote the recognition of use rights over the forests and land which will then strengthen equitable benefit sharing among the IPs and LCs. Similarly, recognition of management rights of IPs and LCs will ensure their engagement in membership in forest groups and involvement in key decision-making bodies including the executive committee. Capacity building activities related to BSP implementation will enhance beneficiaries access to benefits from ERP.

Customary practices of forest management training will promote customary governances, and practices of Free Prior and Informed Consent (FPIC) in forest management activities. However, there is a risk of exclusion of certain IP, LCs, or vulnerable groups from capacity building and project benefits. This will increase frustration among non-recipient IPs and LCs and generate conflict even between and among IPs and LCs. Table 22 shows potential major environmental and social impacts (both beneficial and adverse) of the activities in Component 1 and provides (where required) indicative mitigation measures.

TABLE 22: ENVIRONMENTAL AND SOCIAL IMPACTS OF COMPONENT 1 AND PROJECT MITIGATION MEASURES

Activity	Positive Environmental Impact	Positive Social Impact	Adverse Environmental Impact	Adverse Social Impact	DGM Project mitigation measures
<p>Capacity building of IPs and LCs on SFM and forest-related activities (e.g., sustainable harvesting, silviculture operation including thinning, cleaning, weeding, and pruning, productivity, and quality enhancement of forest under CBFM).</p>	<p>Delivery of right forest management techniques and their application in forest management may increase forest productivity, enhance forest generation will maximize co-benefits of sustainable supply local needs – forest products along with biodiversity conservation, carbon stock enhancement, ecosystem services conservation including water source available to local people.</p>	<p>Training is expected to leverage existing skills of IPs and LCs which will further enhance their innovations that need to address local needs and challenges they face.</p>	<p>Possibility of exclusion of environmental risk/impacts sessions in the training modules.</p>	<ul style="list-style-type: none"> • Risk of exclusion of certain IPs and LCs or vulnerable groups from capacity building training; • Some forest management activities can limit resource extraction from the forest which can cause losing livelihood options of high forest-dependent income poor IPs and LCs; • Can create a risk of leakage displacement – restriction of resource extraction can lead to the encroachers shifting their location of resource extraction (Generally from CBFM forests to the national forests and public-land forests); • Techno-dominant training can dispose of traditional knowledge and customary forest management practices. 	<ul style="list-style-type: none"> • Inclusion of E&S risk management in training modules. • Develop participant selection criteria for SFM training to ensure the involvement of marginalized and forest-dependent IPs and LCs in the training. • Development of appropriate engagement, communication, and information disclosure strategy to identify a potential area of displacement (leakage analysis). • Provide livelihood options (skill-based training and income-generating activities) and financial support to high forest-dependent income-poor households of IPs and LCs and poor encroachers during training to manage their daily livelihood problems; • Existing traditional practices (e.g., worshipping some trees by Tharu, Magar people) will be

Activity	Positive Environmental Impact	Positive Social Impact	Adverse Environmental Impact	Adverse Social Impact	DGM Project mitigation measures
					<p>identified and respected during the management and harvesting of forest products.</p> <ul style="list-style-type: none"> • Conduct broad stakeholder (IPs and LCs) consultations in the design and operation of tourism activities. • Awareness-raising through the dissemination of project-related information including sub-project activities implementation process and functional grievance redress mechanism by translating them into the local language.
Capacity building on Forest Mapping and Inventory	<ul style="list-style-type: none"> • Can gather activity or sub-project-specific accurate data of forests and natural resources including carbon stock; • Support to identify specific forest management needs including carbon emission activities of different indigenous territories; • Finer scale data generated from IPs and LCs forest monitoring can improve data quality, 	<ul style="list-style-type: none"> • Identification of the forests managed under customary practices by several IPs in their territories; • These maps can be evidence of customary management and uses. • Recognition of and streamlining the community-based forest monitoring in the National Forest Monitoring System (NFMS); • Mobilization of skilled IPs and LCs in forest monitoring will 	<ul style="list-style-type: none"> • Improper training can create methodological inconsistency and human errors in forest mapping and inventory/monitoring. • The use of cement and iron rod during the inventory and mapping may 	<ul style="list-style-type: none"> • Some marginalized households and women can be excluded from such training while such training need a certain level of technical capacity; • The mapping process that lacks in place boundaries and relationships will lack the flexibility and resilience of customary systems, 	<ul style="list-style-type: none"> • Empower marginalized households and women to take part in the training by developing a community-friendly training manual; • Development of a community-based Forest Monitoring Training curriculum in compliance with National Forest Inventory and Carbon Assessment (as defined in NFMS) can minimize the

Activity	Positive Environmental Impact	Positive Social Impact	Adverse Environmental Impact	Adverse Social Impact	DGM Project mitigation measures
	<p>enhance transparency, and help Nepal to meet the monitoring obligation (e.g., inclusive and participatory forest carbon monitoring) of REDD+ and other carbon emissions initiatives;</p> <ul style="list-style-type: none"> • Land mapping and demarcation between land/forest under the customary practices. 	<p>generate local employment opportunities;</p> <ul style="list-style-type: none"> • Mapping and monitoring skill provides some level of self-confidence and self-esteem and empowers IPs and LCs to monitor their forests 	<p>degrade the forest environment.</p>	<p>potentially increasing conflict between IPs and LCs.</p>	<p>potential methodological inconsistency;</p> <ul style="list-style-type: none"> • Mobilize the trained IPs and LCs members in relevant sub-national and national forest monitoring such as measurement, reporting, and verification (MRV) of the Emission reduction program in 13 districts of the TAL area to utilize the obtained skills and knowledge; • Mapping IPs and LCs-managed forests with clear objectives and management purposes with the participation of both IPs and LCs members can reduce conflicts between IPs and LCs.
<p>Technical Training on Green Jobs in the Forestry Sector (e.g., wood carving and handicrafts, bamboo handicrafts/products, leaf plate making, biochar/briquette, beekeeping, paper making, resin processing)</p>	<ul style="list-style-type: none"> • More efficient utilization of wood and other forest products will reduce pressure on forests; • The use of Invasive Alien Plant Species for some enterprises (e.g., biochar/briquette) can minimize their spread. 	<ul style="list-style-type: none"> • Employment generation especially for marginalized IPs and LCs leading to increase household-level income; • High-income enterprises can reduce the out-migration of youths; • Improve household and community level socioeconomic status; 	<ul style="list-style-type: none"> • Risks of over-extraction of forest products can lead to forest degradation. 	<ul style="list-style-type: none"> • Safety and health non-compliance and poor working conditions may create risks for employees; • Exploitation and discrimination among workers – sexual harassment of female workers and bullying poor IPs and LCs; 	<ul style="list-style-type: none"> • Participatory assessment of training needs and development of training program with specific skill needs to be addressed, target participants; • Conduct job-specific and enterprise-specific training to allow a wider range of contextualizing training approaches;

Activity	Positive Environmental Impact	Positive Social Impact	Adverse Environmental Impact	Adverse Social Impact	DGM Project mitigation measures
		<ul style="list-style-type: none"> • Diversification of income and generate new livelihood options; • Reduce social vulnerability and heavy reliance on forests. 		<ul style="list-style-type: none"> • Income can be insufficient to cover livelihood requirements. A low-paid job may not be lucrative and effective to IPs and LCs. 	<ul style="list-style-type: none"> • Include OHS-related content in the training modules.
Capacity building of IPs and LCs for rights mapping, securing user and management rights for forest resources, and customary governance	Generally none. However, the provision of clear use and management rights over the forest resources will enhance ownership among IPs and LCs leading to better conservation of forest resources. This will further lead to support biodiversity conservation and improve forest conditions.	<ul style="list-style-type: none"> • Activities around securing use and management rights are expected to generate positive impacts by providing especially IPs and LCs with clearer rights over land, forests, and incentive for forest conservation; • Excluded households will engage and become members of formal forest groups (e.g., community forest user groups). • Well implemented process to obtain FPIC can help to obtain support from communities for SFM. 	Risks include the conflicts between IPs and LCs and government, neighboring communities, and internal conflict between IPs and LCs due to overlapping claims, unclear boundaries, ownership, distortion of information, a differing legal interpretation which may lead to the destruction of forests.	<ul style="list-style-type: none"> • Conflict within and between IPs and LCs and other communities due to the differing perception of use and customary management rights; • Contradictory legal interpretation can lead to difficulty to attain legal recognition of customary access and formal rights to forest resources. The Government authorities can be reluctant to grant formal customary rights to IPs; • For example, some parts of forests which are culturally significant to some IPs have been managed by some IPs communities (e.g., Chepang and Tharu communities) 	Organize adequate consultations with relevant IPs, LCs, and governments authorities and discuss the international provision and commitments of formalizing customary rights, use, and management rights of IPs and LCs over forest resources. Nepal’s commitment to these provisions. Consultation and clarification are also needed on the existing status of inclusion of these provisions in Nepal’s national legal arrangement. Organize adequate discussion and interaction on the customary rights, use rights, and management rights to IPs and LCs.

Activity	Positive Environmental Impact	Positive Social Impact	Adverse Environmental Impact	Adverse Social Impact	DGM Project mitigation measures
				<p>under customary practices for generations. In some cases, non-IPs or LCs or government may wish to bring these forests under the formal management system (i.e., as a forest user group as per the provision of Nepal's forest act) which can undermine the customary rights of IPs. In such cases, IPs and LCs or the Government authorities can have different interpretations of use and management rights over the forests.</p> <ul style="list-style-type: none"> Hence, conflicts can emerge even between IPs and LCs due to insufficient clarity on the interpretation and understanding of traditional knowledge and customary practices. 	<p>Liaise with government, hold discuss, and identify the ways to respect, promote, and protect the customary practices and management and use rights of IPs with and without the forests under the formal management system.</p>
Capacity building on the promotion of Eco-tourism and Homestay	<ul style="list-style-type: none"> Well-managed homestay-based ecotourism in and around the forests and protected areas will 	<ul style="list-style-type: none"> Employment for local people especially rich-culture IPs and LCs; 	<ul style="list-style-type: none"> An increase in tourists numbers can increase the use of forest 	<ul style="list-style-type: none"> Risk of exclusion of certain IPs and LCs or vulnerable groups from eco-tourism-related 	<ul style="list-style-type: none"> Include E&S management modules specific to tourism.

Activity	Positive Environmental Impact	Positive Social Impact	Adverse Environmental Impact	Adverse Social Impact	DGM Project mitigation measures
	<p>amplify the conservation value which will increase biodiversity and forest restoration;</p> <ul style="list-style-type: none"> It encourages the conservation of endemic species (e.g., forest and crop) by IPs and LCs by providing financial benefits. 	<ul style="list-style-type: none"> Strengthen household-level income diversification, especially of women of IPs and LCs households; Homestay-based ecotourism will consume local products that can be long-term beneficial economic sources; Development of local tourism entrepreneurs Conservation of local religion and culture; Committee-led ecotourism may enhance mutual help and cooperation, control anti-social activities. 	<p>products which can lead to overharvesting of forest products.</p>	<p>capacity building training and benefits.</p>	<ul style="list-style-type: none"> Conduct broad stakeholder (IPs and LCs) consultations in the desing and operation of tourism activities. Awareness-raising through the dissemination of project-related information including sub-project activities implementation process and functional grievance redress mechanism by translating them into the local language.
<p>Capacity building on REDD+ concept, forest governances, Nepal's engagement in REDD+, climate resilience, and biodiversity conservation</p>	<ul style="list-style-type: none"> Well-designed REDD+ related training will enhance understanding of IPs and LCs on the concept, implementation approach of REDD+ and its global and national practices; This will enhance awareness of the forests' contribution to climate change mitigation and realize their contribution to the REDD+ which will motivate IPs and LCs to engage in forest management. This will increase co-benefits including biodiversity 	<ul style="list-style-type: none"> Training will inform IPs and LCs contribution to forest conservation along with rights over the REDD+ which will enhance ownership over the REDD+ leading to increase their participation in forest-related activities which will lead to strengthening inclusive decision-making process and forest governance in Nepal; Some preconditions of REDD+ including equitable benefit-sharing and customary governance will benefit particularly IPs and LCs to settle their concerns; 	<p>Carbon-focused REDD+ awareness can misguide IPs and LCs of forest management whereby the IPs and LCs may motivate on the plantation of only monoculture plantation of fast-growing tree species which may reduce forest biodiversity.</p>	<ul style="list-style-type: none"> There can be a high risk of adopting protection-oriented forest activities which restrict forest users including IPs and LCs from harvesting forest products. This can exacerbate the livelihoods of women and income-poor and marginalized IPs and LCs; REDD+ can raise over-expectation among forest users. A low level of REDD+ benefits can discourage IPs and 	<ul style="list-style-type: none"> Well-designed REDD+ training incorporating its benefits and challenges will make IPs and LCs conscious participation in REDD+ like initiatives; Integration of REDD+ as part of the broader forest management framework can produce multiple benefits including carbon mitigation, biodiversity and water source conservation, and livelihood improvement. Well-designed REDD+ related training in local

Activity	Positive Environmental Impact	Positive Social Impact	Adverse Environmental Impact	Adverse Social Impact	DGM Project mitigation measures
	<p>conservation, climate change (carbon stock enhancement), and forest conservation;</p> <ul style="list-style-type: none"> • REDD+ related training will empower IPs and LCs to contribute to attaining objectives of the emission reduction (e.g., <i>ongoing Emission Reduction Program-ER Program in Nepal's TAL area, Forest for Prosperity Project - FFPP, and GCF-funded Building a Resilient Churia Region in Nepal- BRCRN</i>). 	<ul style="list-style-type: none"> • IPs and LCs will benefit from the ongoing ER program and FPP due to their increased contribution after REDD+ training. 		<p>LCs to participate in forest conservation and REDD+ initiatives in the long run;</p> <ul style="list-style-type: none"> • Hi-Tech REDD+ can exclude marginalized IPs and LCs in the decision-making process. 	<p>language and facilitation can reduce the potential risks that can arise from a misunderstanding of REDD+ due to complex content;</p> <ul style="list-style-type: none"> • Develop appropriate engagement, communication, and information disclosure strategy.
Preparation of Information, Education, and Communication (IEC) materials on climate change, REDD+, and land use system	<p>No direct beneficial impacts. However, knowledge acquired by IPs and LCs and other people from well-designed REDD+, forest conservation, and land use-related IEC materials can change existing behavior on forest product use, harvesting practices leading to yield positive effects on forest and biodiversity conservation and sustainable land use.</p>	<p>Well-designed graphic and pictorial IEC materials in simple language carefully selected words and information and local dialects can provide general information to wider people efficiently.</p>	<p>No direct negative consequences.</p>	<p>Insufficiently and ineffectively designed IEC materials without considering cultural (e.g., language) context can exclude certain groups of IPs and LCs; negative messages. There can be a chance of misuse of IEC materials.</p>	<ul style="list-style-type: none"> • Culturally appropriate designed IEC materials in local dialects with sufficient messages targeting specific audiences can address potential barriers faced by certain groups of IPs and LCs in accessing information; • Proper monitoring of distribution and use of IEC materials can maximize the positive benefits.
Vocational Training to enhance forest-based Small and	<ul style="list-style-type: none"> • Proper use of forest products including Invasive Alien Plant 	<ul style="list-style-type: none"> • Local employment generation of IPs and LCs especially poor and marginalized women, the 	<p>No direct indirect effect.</p>	<ul style="list-style-type: none"> • Potentiality of elite capture by wealthier men IPs and LCs 	<ul style="list-style-type: none"> • Selection of participants and target groups selection with a set of

Activity	Positive Environmental Impact	Positive Social Impact	Adverse Environmental Impact	Adverse Social Impact	DGM Project mitigation measures
Medium Enterprises (SME) for marginalized IPs and LCs focusing on women and youth	<p>Species- IAPS and SMEs can reduce the chance of spread of IAPS and support conservation of forest diversity;</p> <ul style="list-style-type: none"> • Proper use of forest products can enhance carbon stocks and improve carbon sequestration capacity. 	<p>youth of disadvantaged households leading to improve cash incomes of women and youth which may reduce out-migration;</p> <ul style="list-style-type: none"> • Contribute to the low-carbon development; • Household Income diversification; • Decrease social vulnerability and improvement of the economic status of women. 		<p>thereby risks of excluding certain IPs and LCs (e.g., women, Dalit) in the training;</p> <ul style="list-style-type: none"> • Low income and paid SMEs may not be impressive to youths; • Insufficient and undersupply or discontinue supply of raw materials will disrupt the establishment and operation of SMEs. Discontinue of SMEs may not be able to employ trained IPs and LCs 	<p>strong criteria (e.g., interested, can have a high impact) can ensure women and youth participation which can minimize the potential risks;</p> <ul style="list-style-type: none"> • Develop training modules to include E&S risk management.
Support to Local Government and Partnership with Provincial Government	<p>No direct environmental benefits. However, the development of IPs and LCs-friendly forest policies new or revision of existing policies with IPs and LCs consideration can attain from regular and meaningful consultations with all levels of government representatives. Inclusive policies can ensure sustainable management of forests thereby improving</p>	<p>Regular consultations with all levels of government can build strong collaboration and partnership towards finding solutions to the participatory conservation of forests. Such practices will enhance mutual trust and transparency.</p>	<p>No direct adverse consequences. However, demotivated IPs and LCs due to unsuccessful consultations in achieving their customary practices, use, and management rights with the government representatives can reduce ownership over</p>	<p>If the consultations do not have any resolution towards the long-standing debate of tenure rights and customary practices of IPs and LCs over the forest resources, IPs and LCs may be demotivated to participate in forest conservation leading to exacerbate collective action on forest management.</p>	<p>Organizing objective-based consultation and implementation of collaborative activities can enhance mutual trust in finding the solutions towards the formalizing customary, use, and management rights of IPs and LCs over the forest lands.</p>

Activity	Positive Environmental Impact	Positive Social Impact	Adverse Environmental Impact	Adverse Social Impact	DGM Project mitigation measures
	the forests and biodiversity conservation.		the forest resources which leads to illegal harvesting causing forest deterioration.		
Capacity building to NSC	No direct beneficial impacts on environment and forest.	Organizing orientation and capacity-building activities DGM, FIP, and other related forest initiatives and their interrelations to NSC members represented from IPs and LCs federations and associations will promote a common understanding of the program. While IPs and LCs and their organizations can have different perceptions over forest rights, well-designed orientation and regular consultations as part of capacity building can enhance understanding and reduce potential conflicts. Capacity building further supports them to review and assess and make fair and transparent decisions over selecting the sub-project proposals of IPs and LCs organizations. Similarly, capacity building on communication and knowledge dissemination on NSC will strengthen their skills in sharing lessons learned and knowledge with Global Steering Committee.	No direct negative consequences.	Misunderstanding over the customary rights between IPs and LCs. Potential conflict between IPs and LCs representatives in NSC during the selection of and awarding sub-grant projects of their provincial and district level organizations.	Regular consultations and preparation of clear Grant Operation Manual (GoM) and criteria of sub-grant project selection among NSC members (e.g., representatives of IPs and LCs organizations) can minimize the potential risks of misunderstanding. Capacity building and orientation on the international and national provision of IPs customary governances and rights over the natural resources including forests to non-IPs (LCs members In the case of NSC) can develop a common understanding towards addressing the concerns of customary right.

ERP–BSP Capacity Building	Improved awareness on sustainable forest management and climate mitigation through ERP-related training; and training and preparation of benefit sharing plan	Enhanced understanding of BSP and access of IPLCs to benefit from ERPs; increased inclusion of women and marginalized groups; improved institutional capacity	No direct negative consequences.	Risk of exclusion of vulnerable IPLCs; elite capture in accessing benefits; misunderstanding of BSP eligibility	Mapping of beneficiaries, Right beneficiary selection; targeted outreach to women and marginalized groups; simplified communication materials; strengthening of GRM to ensure it accessible to the most marginalised groups
Preparation of investment plan as part of BSP/ERP	Direct contribution to SFM and sustainable use of natural resources	Improved Equitable distribution of benefits, enhanced livelihood, improved capacity of the beneficiaries in SFM	No adverse impact during preparation.	Risks of exclusion, elite capture	Mapping of beneficiaries, Right beneficiary selection; targeted outreach to women and marginalized groups; simplified communication materials; strengthening of GRM to ensure it accessible to the most marginalised groups

Low to Moderate (Social)

Transparent beneficiary identification; targeted outreach to women and marginalized groups; simplified communication materials; strengthened GRM; participatory consultation and monitoring

5.1.2 Potential Environmental and Social Impacts of Component 2

Component 2 of the DGM Nepal project will deliver income-generating activities resulting from SFM and other forest-related activities. The component will provide IPs and LCs to design and implement forest-based income-generating activities and enhance green jobs based on forest-smart products. Such activities will generate beneficial social impacts including increased household-level income, employment generation. Beneficial environmental impacts will include a decrease in forest dependency thereby improving forest regeneration and condition. The potential risks will be elite capture unless the grants are provided to the marginalized IPs and LCs.

This component will further support IPs and LCs to improve their traditional knowledge-based livelihoods which help revive IPs and LCs their traditional livelihood practices thereby promoting self-respect. However, the lack of institutional management capacity of some IPs and LCs to operate traditional knowledge-based-income generating activities will not be able to compete with modern technology-based products. This will discourage IPs and LCs networks and organizations to expand their enterprises. Nonetheless, implementation of these activities together with the development of institutional capacity could empower IPs and LC's bargaining power, production of supply thereby enhancing their livelihoods.

Other activities include the implementation of innovative solutions to human-wildlife conflict and NTFP value addition. The activities related to mitigating human-wildlife conflict will have environmental benefits in the form of biodiversity conservation while at the same time these will also enhance social benefits including the improvement of the positive perception among local communities towards wildlife conservation. Similarly, agroforestry practices and conservation of water ponds are other activities that have multiple environmental and social benefits including conservation of water sources and biodiversity, forest restoration, carbon stock enhancement, employment generation, and diversification of household income. However, agroforestry practices will not be feasible for landless and land-poor IPs and LCs. Without considering alternative livelihood and income-generating options to the landless and land-poor IPs and LCs, there will be a growing disparity among wealthier and poor IPs and LCs. The potential environmental and social impacts (both beneficial and adverse) of the activities under Component 2 and indicative mitigation measures of these risks are shown in Table 23.

TABLE 23: ENVIRONMENTAL AND SOCIAL IMPACTS OF COMPONENT 2 AND PROJECT MITIGATION MEASURES

Activity	Positive Environmental Impact	Positive social Impact	Adverse Environmental Impact	Adverse Social Impact	DGM Project mitigation measures
Green jobs for IGAs of IPs and LCs	<ul style="list-style-type: none"> • Decrease forest dependency and pressure thereby improving the forest condition; • Proper use of forest products. 	<ul style="list-style-type: none"> • Increase green jobs opportunity may improve household-level income • Diversify livelihood options; • Local employment generation resulting less out-migration of youths; • Jobs targeting women of marginalized IPs, Dalit, and LCs can improve their economic status. 	Some off-farm or outside forest IGA (e.g., goat farming) may increase the demand for forest products (e.g., grass, fodder, and pasture land).	<ul style="list-style-type: none"> • Can exclude certain groups of IPs and LCs; • Can occur unhealthy competition in the operation of forest-based enterprises; • Low-paid green jobs and small-scale enterprises may not be appropriate to wealthier IPs and LCs especially youth having high-income expectations; • Some IGAs incur high opportunity costs, which may not be lucrative income-poor IPs and LCs. 	<ul style="list-style-type: none"> • Ensure the grants are provided to the marginalized households of IPs and LCs; • Develop a set of criteria providing IGAs; • Promote IGAs to generate multiple benefits such as <i>Bee Keeping</i>; • Promote agroforestry (<i>on private land</i>) to offset the high demand for raw materials; • Participatory feasibility study of IGA can specify the appropriateness of IGA, green jobs to particular IPs and LCs; • Conduct adequate interactions and consultations among IPs and LCs to identify their needs, priorities, and interest and capacity for the design and operation of IGAs.
Promotion of Traditional knowledge and skills-based as of IGA/Enterprises of IPs and LCs	Conservation-oriented traditional knowledge can support the conservation of forests and the environment.	Respect and promotion of traditional knowledge, practices, and skill Enhance self-esteem among IPs and LCs.	Some traditional knowledge-based IGAs could be resource-demanding (e.g., art, housing architecture) which may need a larger amount of forest	Traditional skills may not be able to compete with modern technology and skill. Products generated with traditional knowledge and skill may incur high production costs. Conflict	<ul style="list-style-type: none"> • Professionalize the traditional knowledge and skill; • Promote marketing strategies for products derived from the traditional skills;

			products leading to an impact on the forest resources.	will emerge even between IPs and LCs due to insufficient clarity on the interpretation of Traditional knowledge.	<ul style="list-style-type: none"> • Undertake cost-benefit analysis of each enterprise; • Operate IGA with well-designed business plans.
Green jobs based on forest-smart products (e.g., operation of forest-based enterprises)	<ul style="list-style-type: none"> • Proper use of forest products; • Contribute to low-carbon development; • Enhance carbon stocks and improve carbon sequestration capacity. 	<ul style="list-style-type: none"> • Increase income-earning from enterprises; • Increase the contribution of the forestry sector to the national economy; • Contribution to Sustainable Development Goals. 	Some forest-based enterprises increase the demand for raw materials of some particular plant species. Continued demand of these species will lead to loss of species in community-managed forests and increase monoculture in privately owned land and private forests which ultimately can reduce biodiversity.	<ul style="list-style-type: none"> • Some forest-based enterprises have high opportunity costs and operational costs and are not appropriate to youths and ambitious communities; • Administrative procedures for the establishment of forest-based enterprises are cumbersome; • Risks of timely unavailability of raw materials due to policy hurdles may increase production costs and sustainable supply problems. 	<ul style="list-style-type: none"> • Ensure that the enterprises are established with proper cost-benefit analysis and a well-designed business plan with ; • Ensure the sustainable harvest of forest products defining the requirement in forest groups' operational plan; • Encourage private forest owners to diversify the plantation of multiple tree species; • Facilitate to simplify the FBEs establishment and raw materials harvesting process; • Promote agroforestry (on private land) to offset the raw materials demand.
Innovative solutions to human-wildlife conflicts (e.g., develop compensation mechanism, education, and public awareness campaign,	Mitigation of human-wildlife conflict improve the habitat and number of endangered wild lives thereby improving biodiversity conservation	<ul style="list-style-type: none"> • Well-designed initiatives and strategies of human-wild conflicts decrease crop-raiding, livestock depredation, and even human deaths and injuries; 	Some conflict mitigation measures (e.g., physical structures such as wall fencing, trench, electric fencing) are not supportive of the wildlife.	<ul style="list-style-type: none"> • Exclusion risk of wild-life victim IPs and LCs; • Small and short-term interventions will not be able to address these issues; • Insufficient compensation provided by the Government and continued loss from wild animals 	<ul style="list-style-type: none"> • Potential risk can mitigate through activity or sub-project-specific conflict mitigation measures in consultation with IPs and LCs and the government. Some include; • Providing an efficient and sufficient compensation to

cultivate fruits/crops in community forests for wild animals)		<ul style="list-style-type: none"> • Improved food security; • Mitigation hostile and improve positive perception among IPs and LCs on wildlife/biodiversity conservation; • Enhance local support for biodiversity conservation; • Positive dialogues between IPs and LCs and the government. 		elevating negating perception, particularly among IPs and LCs who reside in forests and national parks.	<p>the victims (IPs and LCs and other victims);</p> <ul style="list-style-type: none"> • Promoting crop and livestock Insurance system focusing on IPs and LCs; • Providing alternative livelihoods to especially marginalized IPs and LCs residing nearby national parks and forests; • Establishing community-based conflict management bodies (strategies) with the active participation of IPs and LCs; • Promoting Guarding Crops in Forests from Wild Animals, especially Monkey troops (<i>Few CFUGs are practicing the cultivation of fruits and crops inside forests</i>); • Promoting effective local practices of conflict measures (e.g., scarecrow in the crop field, crop-guarding, lightning fire and firecrackers, and group shouting).
Innovative solutions to NTFP value addition	<ul style="list-style-type: none"> • More efficient utilization of NTFP-based enterprises will enhance NTFP conservation; • Increased household income from NTFP-based enterprises will 	Employment generation for IPs and LCs especially poor and marginalized women and disadvantaged households leading to improving cash incomes which in turn	<ul style="list-style-type: none"> • Mono-species NTFP-based enterprises increase the demand for particular plant species leading to loss and degradation of these plants; 	No specific and direct consequences. However, there is a potential risk of elite capture by wealthier IPs and LCs and the risk of exclusion of certain (needy) groups of IPs and LCs.	Diversify the NTFP-based enterprises considering the growth potential of plants (e.g., essential oils, herbs, medicinal plants, cash plants-bamboo, cardamom, resins, fiber, etc.).

	<p>reduce forest dependency;</p> <ul style="list-style-type: none"> • Some Invasive Alien Plant Species” can be a potential source of raw material for briquette preparation and hence can control the further expansion of invasive Alien Plant Species. 	<p>may reduce out-migration.</p>	<ul style="list-style-type: none"> • Loss of natural regeneration due to cultivation of NTFP. 		
<p>Promotion of traditional livelihoods skills of IPs and LCs e.g., formation of IPs and LCs managed Cooperatives</p>	<p>The cooperative fund can be used for environmental conservation (e.g., conservation of drinking water sources, plantation, energy, etc) activities.</p>	<ul style="list-style-type: none"> • Formation of network and cooperatives improve economic dynamics; • Provide local economic options and enhance social safety nets; • Equal participation without discrimination among all IPs and LCs; • The cooperative fund can be used for income-poor and marginalized IPs and LCs during a vulnerable situation; • Conservation of traditional knowledge by investing of the cooperative fund in conservation interventions. 	<p>Sometimes cooperative members are reluctant to invest in environmental conservation programs considering these as the governments’ responsibilities.</p>	<ul style="list-style-type: none"> • Chance of misappropriation of cooperative funds by elite IPs and LCs; • Some degree of discrimination can take place even among IPs and LCs in distributing loans and grants; • Products prepared with traditional knowledge can not compete with modern technology and skill due to high production costs; • Weak institutional management capacity (e.g., in <i>Praja (Chepang) Cooperative Limited in Skhaktikhor, Chitwan</i>). 	<ul style="list-style-type: none"> • Improve institutional management capacity of IPs and LCs; • Improve better bargaining power of IPs and LCs.
<p>Grant for soft technical skills</p>	<p>No direct positive impacts.</p>	<ul style="list-style-type: none"> • Support to design and implement 	<p>None</p>	<p>Only certain wealthier IPs and LCs members can</p>	<p>Ensure the women and marginalized households of</p>

development e.g., proposal writing, project development, preparation of business plans		beneficial enterprises; <ul style="list-style-type: none"> • Enhance entrepreneurship skills of IPs and LCs organizations; • IPs and LCs organizations can bid on other projects proposals. 		participate in the activities which exclude illiterate and poor women and disadvantaged IPs and LCs households which can lead to conflicts among wealthier and poor IPs and LCs	IPs and LCs will benefit from these activities. This can be done by defining the clear stringent criteria of involving/selecting marginalized women and households of IPs and LCs for the training participants and beneficiaries as a prerequisite of the Sub-projects selection.
Grants for management technical skill development including sustainable harvesting of NTFP, Participatory forest landscape management, and environmental conservation	<ul style="list-style-type: none"> • Adoption of new technology of forest product harvesting can increase productivity; • Participatory forest landscape management may reduce illegal forest activities; • Well-conserved forest landscapes will be biologically more diverse and productive and can provide diverse ecological services. 	<ul style="list-style-type: none"> • Per households, forest product benefits will increase; • Provision for technical skill enhancement interventions can meet the diverse needs and demands of IPs and LCs. 	None	Risk of exclusion of at certain groups of IPs and LCS such as illiterate, income poor women and households IPs and LCs.	<ul style="list-style-type: none"> • Ensure the women and marginalized households of IPs and LCs benefit from the program; • Development of grant-making provision to sub-project grantees by establishing clear and stringent criteria of involving/selecting marginalized women and households of IPs and LCs for the activities; • Activities should be carefully implemented incorporating Forest Groups' Operational Plan;
Water harvesting pond/conservation pond	<ul style="list-style-type: none"> • Land Irrigation with nutrient-rich will increase land productivity. Irrigation can reduce fertilizer use can minimize other negative environmental impacts; 	<ul style="list-style-type: none"> • Conserved water can be used for multiple purposes; • Increase land productivity with sufficient water irrigation; • Income from (fish raising, vegetable 	Improper-designed conservation ponds in the wrong location can outburst during the rainy season causing floods and landslides which can ravage downstream farmlands	Hard to find an appropriate location to construct. Sometimes ownership concerns among IPs and LCs for their management and use. These practices are appropriate only for small farmland.	Construction of a well-designed pond in appropriate locations (from ownership and geologically) can minimize potential risks of outbursts and floods and also reduces the conflicts over the ownership of

	<ul style="list-style-type: none"> • Can support to minimize soil erosion and landslides supporting to reduce loss of soils and downstream communities (<i>in hill districts</i>); • Conservation ponds inside forests for wildlife will increase faunal diversity and will reduce human-wildlife conflict; • Increase soil moisture – stimulate natural forest regeneration; • Improve water recharge and replenish groundwater reserve 	<p>farming, livestock, and crop cultivation, kitchen gardens cultivation) during the dry season will boost up household-level income;</p> <ul style="list-style-type: none"> • A well-designed pond and purified water system will fulfill the water shortage of IPs and LCs for domestic use. This will eventually reduce the water-fetching time of women of IPs and LCs. 	and forests <i>in hill districts</i>).		management and use among IPs and LCs. Prepare activity or sub-project-specific ESMPs before implementation as required.
Support to agroforestry (<i>Nursery, plantation, and management</i>)	IPs and LCs households can meet all forest product's needs by operating multipurpose production of agroforestry model (e.g., agro-silvopastoral) –models. This reduces household forest dependency allowing natural regeneration, restoration of forests	<ul style="list-style-type: none"> • Generation of local employment • Household-level livelihood diversification; • Increase household income by promoting additional income sources; • Reduce forest dependency and reduce illegal felling from the forests. 	This system needs adequate knowledge about the interaction of trees and crops. Inappropriate selection of site and failure to choose trees and crops of the right combination will increase resource competition and allelopathy ¹⁰ resulting in loss of productivity	<ul style="list-style-type: none"> • Risk of exclusion landless and land-poor IPs and LCs while agroforestry can not be suitable for land-less and land-poor IPs and LCs. Without providing alternative supports and livelihood options to land-less and land-poor IPs and LCs households, these programs will be unfair and injustice and will create 	<ul style="list-style-type: none"> • Proper study and site selection and species choice agroforestry practices can minimize all environmental-related adverse impacts. Similarly, the development of a market structure for selling agroforestry products can minimize the economic loss-related risks. Management of alternative options to land-less and land-poor IPs and LCs

¹⁰ Some trees produce chemicals that inhibit growth of other plants – called Allelopathy. For example, Eucalyptus releases highly toxic volatile terpenes that inhibit germination of other seeds and suppress vegetation including crop up to a distance of 36 feet (11 meters) away from trees (Slavikova, 2019).

	<p>leading to improving forest and biodiversity conditions (<i>tree-crop diversity</i>). Reduce soil loss, enhance water filtration and soil conservation. This can improve water source conservation, carbon stock, and sequestration capacity supporting ongoing Emission Reduction Projects and FIP-FPP projects. Increase per unit land productivity. Decrease chance of pest and disease infestations.</p>		<p>Careless choice of tree species can introduce invasive species and become alternate hosts of pests and diseases.</p>	<p>disparity among IPs and LCs households;</p> <ul style="list-style-type: none"> • Agroforestry is a time-taking business for payback. Farmers need to wait a long time for benefits from tree-based farming. Low-income IPs and LCs can not wait for the return from agroforestry for long; • Poor market structure (difficult to find buyers, price fluctuation, lack of bargaining power) of products from agroforestry will reduce benefits leading to demotivating farmers to undertake plantation. 	<p>households can avoid socio-economic disparity arising from agroforestry supports.</p> <ul style="list-style-type: none"> • Prepare activity or sub-project-specific ESMPs before implementation as required.
<p>Support Seed Bank establishment</p>	<p>A well-managed seed bank has been the best approach for off-site/ex-situ conservation of endangered plant and tree species especially culturally and economically important to IPs and LCs. Preservation of crop and plant diversity. Provide seed for the nurser establishment to support human-made plantation of the tree of interest which complement with</p>	<ul style="list-style-type: none"> • Employment generation for some people engages in the seed bank. • Diversity household income and livelihood options; • Can be a safety net during famines and disasters; • Seed banks can support improving yield and secure food and feed a growing population; • Community seed banks can provide poor and 	<ul style="list-style-type: none"> • Can be stored of only a few plant species. This can reduce diversity. The concern of seed vigor and viability as compared to natural germinate plants. • OHS issues due to the use of pesticides/herbicides in seed banks 	<p>May need technical expertise of storage.</p>	<ul style="list-style-type: none"> • The development of a community seed bank with the participation of IPs and LCs organizations with the support of experts can minimize the potential risks associated with the Seed Bank. • Prepare activity or sub-project-specific ESMPs before implementation as required. • Develop Standard Operating Procedures (SOPs).

	natural regeneration. Can protect seed from diseases.	marginalized IPs and LCs households with immediate access to locally adapted species; <ul style="list-style-type: none"> Promotion of indigenous knowledge system of seed conservation. 			
Model Family Forest Development	Well-managed “Family Forest” Contributes to off-forest biodiversity conservation. Reduce soil erosion and conserve water sources.	Income diversification. Reduce forest dependency. Can ensure tenure and usufruct rights of Family Forest Farmers, especially IPs and LCs.	Privately owned family forests prefer fast-growing single species leading to increase monoculture	While there are no clear legal rights formalized regarding the family forests in Nepal, there will be procedural hurdles of harvest, sale, and export of forest products from Family Forests. The government representatives will not be convinced unless there is a logical difference in forest management of “ Family Forests ” from the existing practice of Private Forests (<i>while Private Forest is clearly defined in the Forest Act, 2019</i>).	<ul style="list-style-type: none"> Holding regular policy dialogues and consultation with the government can find solutions towards the formalization of Family Forest Rights; Family forest owners will be encouraged to grow mixed tree species with native and culturally valuable to IPs and LCs.
Enhancing technical and project management capacities of potential sub-grantees	No direct benefits to the environment and forests. However, well-trained sub-grantees will be able to identify, design, and implement forest management activities suitable to their localities. Better implementation of these activities will	Well-trained and well-oriented sub-grantees on the objective of the DGM Nepal project activities will be objective-focused. They will be able to implement activities effectively with the participation of targeted beneficiaries	Inefficient monitoring, supervision, and guidance of NEA and NSC of activities implementation by sub-grantees can have misuse of projects and deviate from the main objectives of the project. Ineffective implementation of	Discrimination, exclusion, and lack of transparency will be key risks resulting from the non-execution of regular monitoring, supervision, and guidance. Even trained project sub-grantees may decline to maintain transparency, especially during the selection of	Well-designed training with “Project Implementation Code of Ethics”, stringent Grant Operation Manual, efficient monitoring, and reporting, and communication between NEA and sub-grantees can minimize potential impacts.

	<p>enhance existing forest resources including biodiversity and carbon stock enhancement.</p>	<p>(e.g., women and men of IPs and LCs local organizations and groups- forest user groups). Their efficient skill of sub-project implementation will promote a transparency, equitable, and fair benefit distribution system which helps to attain public goodwill over the DGM project.</p>	<p>even forest management-related activities can pose threats to existing forest conditions.</p>	<p>location and participation of end-beneficiaries.</p>	
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DGM Nepal project's adverse impact may emerge from the difference in perceptions, poor management of sub-projects and lack of oversight, legal interpretation and expectation, and data sets as well as pressure from the need for cash that results in conflict. All sub-project activities under three components will have to be screened against the negative list and environmental and social impacts. The misunderstanding can be between IPs and LCs and Government, between IPs and LCs themselves, between them and private sectors, and among local community members. Several sub-projects will be implemented by sub-grantees at different places. Without proper monitoring and orientation, these activities can cause several environmental impacts including disruption of natural habitats resulting from increased activities in the forest and surrounding areas and use of pesticides. The Exclusion list (Table 24) excludes proposals with significant impacts and relevant safeguards and mitigation actions are developed and implemented.

6. Environmental and Social Management Procedures

NEA (i.e., RRN) in consultation and strategic support of NSC will manage the environmental and social risk and impacts of the DGM Nepal project throughout its life cycle. While the specific intervention locations and activities and sub-projects (under component 2) are not specified at this stage their specific impacts are completely unknown. However, this ESMF has been prepared following the World Bank's ESSs with objectives to define the measures, ways, and mechanisms for avoiding or minimizing potential adverse environmental and social impacts that may occur as a result of the DGM Nepal project implementation. The ESMF ensures that the identified activities are correctly assessed following Nepal's legal environmental and social provisions which also meet the WB's ESSs.

At the first step, the ESMF requires the environmental and social screening of all potential activities and sub-projects supported by the DGM Nepal to classify them into four categories as shown in Table 24. Environmental and Social Assessments (ESA) will be undertaken using appropriate tools and the assessment outcomes are systematically presented with the set of potential mitigation measures to manage their adverse environmental and social impacts. The ESA tools of activities are determined by the category of the sub-projects and the legal requirements of the country and ESS1.

This ESMF is a living document and the present ESMF broadly features the environmental and social risks based on the existing legal arrangements. The ESMF allows to update and revise, subject to Bank approval, when and where necessary. Unexpected circumstances will appear during the project implementation while the several sub-projects under component 2 will be designed based on the demand-driven call-for-proposal. Potential changes will be assessed and appropriate mitigation measures will be incorporated in the updated ESMF. Such updates will also include any changes that might have occurred in the legal system in the future.

Designing, planning and delivering capacity building for BSP and preparing investment plan for BSP implementation, will be aligned with BSP implementation manual.

6.1 Environmental and Social Screening

Environment and social screening is a critical step for the initial assessment of environmental and social risks and impacts associated with projects/programs and sub-projects. Each proposed activity requires screening to determine the extent and depth of environmental and social due diligence required. The results of screening allow assigning environmental and social risk categories. The process of screening signifies the key aspects that may need to be further examined and addressed.

The objectives of the Environmental and Social Screening are (i) to screen the eligibility of the sub-projects against the exclusion list/negative list (Table 24); (ii) to preliminarily assess the environmental and social risks and impacts of the proposed sub-projects, assign an environmental category and determine Environmental and Social Standards (ESSs) based on the results of the screening (Table 25); and (iii) to determine the scope of the assessments and specific instruments/plans to be prepared based on the results of the screening and the degree of environmental and social risks and impacts.

This section describes the screening process that includes: (a) assessment of potential environmental and social impacts of each activity and sub-project; (b) categorization of activity

and sub-projects based on the environmental and social factors and, (c) preparation of activity/sub-project-specific action plan as part of activity/sub-project preparation and planning.

6.1.1 Screening of Sub-Project Activities

The DGM Nepal project activities will comply with all relevant World Bank Environmental and Social policies and National Laws of Nepal. Activities ineligible to be funded by the DGM Nepal project and ERP listed below are included, however, not limited to these.

TABLE 24: NEGATIVE LIST/EXCLUSION LIST

SN	Negative list/Exclusion list	Yes	No	Remarks
1	Any sub-projects or activities related to new settlements or expansion of settlements within conservation forests, protected areas, and Parks;			
2	Any activity that can potentially lead to and/or result in conversion, deforestation or degradation or any other alteration of natural forests or natural habitats including, inter alia, conversion to agriculture or tree plantations			
3	Any sub-projects or activities that can potentially lead to or result in the conversion of primary and/or critical natural habitats; have significant risks and adverse impacts on biodiversity and requires a biodiversity management plan			
4	Any sub-projects requiring large scale construction			
5	Any sub-projects or activities involving large-scale displacement and resettlement;			
5	Any sub-projects or activities that can cause soil erosion;			
7	Any activities or sub-projects can harm cultivated/arable land;			
8	Any sub-projects or activities for production or trade-in wood or other forestry products other than from sustainably managed forests and customary forests;			
9	Any sub-projects or activities that stimulate poaching and/or trade of protected animals and plants;			
10	Land acquisition and purchase of land;			
101	Any sub-projects or activities that are potential to cause degradation and reduction of the quality of drinking water;			
12	Any sub-projects or activities related to purchase of substances and/or activities that may pose health risks;			
13	Any sub-projects or activities associated with the purchase and/or use of hazardous chemicals including but not limited to pesticides that are classified as IA or IB by WHO and GoN regulations			
14	Any sub-projects or activities these are associated with removal of alternation of any physical cultural property (includes sites having archeological, paleontological, historical, religious, or unique natural values);			
15	Any sub-projects or activities which cause negative impacts on women, elderly people, and children including IPs and LCs.			

Following preliminary screening against the negative list, the NEA and NSC in collaboration with sub-project proponents (i.e., IPs and LCs organizations) will screen and assess proposed sub-project activities considering potential risks and their management. An environmental and social checklist will be developed and used during the screening (see Annex 4 as an example). A social screening process will also be undertaken activity or sub-project-specific to determine the extent of any potential adverse impacts and prospective losses, to identify any vulnerable groups, and to ascertain any losses related to land acquisition and customary practices.

NEA and NSC will facilitate the screening of each sub-project activity proposed by the sub-project proponents (i.e., grantees). Since many of the project activities and sub-projects will be implemented by the sub-project grantees of Madhesh Province and Lumbini Province and other provinces (in the case of Component 1), clear guidance will be provided from NEA/NSC to sub-project grantees to ensure that screening takes place to categorize activities and sub-projects with the active participation of and consultation with relevant local right-holders, stakeholders and end-beneficiaries.

The screening outcomes provide the basis for assigning the category of the environmental and social risk to activities and sub-projects as shown in Table 25 and notifying the extent and depth of environmental and social due diligence to be carried out. The screening further identifies the key aspects that may need to be further examined and managed. Similarly, categorization of activities and sub-projects of the DGM Nepal project is crucial to have an early understanding of the type, nature, and scale of any impacts.

TABLE 25: CATEGORIZATION OF ACTIVITIES/SUB-PROJECTS BASED ON THEIR NATURE, SCALES, AND IMPACTS

Categories	Nature of activities/sub-projects
Category I (High Risk)	Activities and sub-projects are for interventions that will not be supported by the Project. See Table 22 for this exclusion list.
Category II (Substantial Risk)	Activities and sub-projects are for interventions that will not be supported by the Project. See Table 24 for this exclusion list.
Category III (Moderate Risk)	Activities and sub-projects are those for which there is a 'moderate risk of impact' which requires the preparation of Environment and Social Management Plans (ESMPs), IEE and BES as per EPR 2020. Activities and sub-projects which have less adverse environmental or social impacts on humans and/or on the environment than those of Category II belong to Category III. Impacts of activities/sub-projects under this category will be limited to a specific site, will be reversible, and mitigation measures will be known or can easily be designed. The majority of DGM Nepal project-supported activities and sub-projects including capacity building on sustainable harvesting, SFM, and capacity building on forest-based enterprises may belong to this category.
Category IV (Low Risk)	Activities and sub-projects having minimal or no adverse environmental and/or social impacts fall into this category. Additional environmental and social assessment except initial screening is not required for these activities and sub-projects. The screening report for Category IV activities and sub-projects will recommend mitigation measures for the minor issues identified. This may be in the

	form of an environmental and social code of practice (ECOP) for activity implementation (to be developed by NEA/NSC).
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6.2 Assessment of Environmental and Social Risks

The DGM Nepal project is rated as a moderate risk based on the World Bank Environmental and Social Risk Classification (ESRC), and therefore only activities falling within Category III and Category IV will be eligible. Therefore whilst the project is not expected to have significant environmental and social impacts, preparation of a management framework is still required to mitigate against the risk of harm to IPs and LCs as a result of activities, especially the most vulnerable groups among the communities, in line with WB policy and Nepal's national legal provisions.

The only brief initial environmental examination may be undertaken for the sub-projects and activities under category III as shown in Table 26. The assessment will determine potential environmental and social risks and impacts of the activities and sub-projects including those risks specifically identified in the World Bank's ESS 2-10. The assessment will adopt more appropriate interrelated tools including World Bank-practiced ESF techniques such as Environmental and Social (ES) Audits and preparation and implementation of ESMPs for relevant sub-projects and activities.

TABLE 26: ENVIRONMENTAL AND SOCIAL ASSESSMENT AND PLANS FOR DIFFERENT CATEGORIES OF SUB-PROJECTS

Category of Activity/Sub-projects	ESIA required beyond Initial Screening?		ESMP required?	Comments
	WB Requirement	National Requirement		
Category I (High Risk)	Not included in the DGM project. Projects in exclusion lists.	Not included in the DGM Project Projects in exclusion lists.	Not included in the DGM Project	Not included in the DGM Project.
Category II (Substantial Risk)	Yes, ESIA	Yes, EIA	Not included in the DGM Nepal project.	Since the DGM Nepal project is rated as moderate, sub-project activities are not expected of this category.
Category III (Moderate Risk)	Yes	Brief Environmental Study (IEE may be required in some cases)	Yes	This category includes the majority of sub-projects and activities. Needs the preparation and implementation of activity-specific ESMPs. These may also require a Gender Action Plan to ensure the DGM project is gender-responsive within IPs and LCs.
Category IV (Low Risk)	Nothing is required beyond screening	No	Yes (Brief version, ESCOPs)	Minimal risks. No adverse risks/impact. Most of the activities and sub-projects fall under this category. Use Environmental Code

				of Practices to mitigate negative impacts during the sub-projects/activities implementation.
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6.3 Environmental and Social Management Plan (ESMP)

The Environmental and Social Management Plan (ESMP) is developed to ensure systematic integration of all proposed mitigation measures of environment and social risk and impacts resulting from the sub-project activities. This is a crucial instrument that details (a) the measures to be taken during the implementation and operation of sub-project activities to eliminate or offset adverse environmental and social impacts, or to reduce them to acceptable levels; and (b) the actions needed to implement these measures.

As shown in Table 26, each sub-project under Category III and IV (e.g., fall under components 1 and 2) may require stand-alone activity-specific ESMPs, IEEs and BES as per EPR 2020 with highlighting appropriate mitigation measures of the potential environmental and social risks associated with the sub-projects and activities. The ESMP identifies the best, feasible, and cost-effective mitigation measures that reduce potential significant negative environmental and social impacts. ESMPs further contain compensatory measures if mitigation measures are not feasible, cost-effective, or sufficient.

To ensure legitimacy and promote broader stakeholder participation, ESMP is developed in a participatory manner in consultations with IPs and LCs organizations and other stakeholders that are key to the implementation of mitigation measures and activities outlined in the ESMP.

The ESMP preparation will start with participatory screening and assessments of environmental and social risks (see above Tables 24, 25, and 26 and annex 4) of activities and sub-projects. The development of the ESMPs will be an integral part of DGM Nepal project Operation Guidelines and guided by this ESMF and the reference guidance notes of ESMPs are fully aligned with the provisions set out by the WB’s safeguard policies and GoN’s regulations on environmental and social safeguards management. Consultation processes and participatory assessments of environmental and social risks will tap into the mobilization of IPs and LCs organizations and outreach grants (Component 2) where sub-project proponents will proactively seek end beneficiaries’ (households levels of IPs and LCs organizations) inputs on strategic measures and mitigation plans for risks associated with sub-project activities. ESMPs will also contain measures to promote local-level IPs and LCs organizations in the implementation of agreed safeguard action plans.

The ESMPs will be living documents for the sub-projects proponents (sub-project grantees – IPs and LCs organizations), and the plan should be reviewed regularly and revised/updated as necessary. Any amendments to the ESMP will be approved by NEA with the acceptance of NSC. Capacity building provisions on the development and implementation of ESMPs for sub-project grantees (i.e., IPs and LCs organizations) will be built into the sub-project proposal before and during the sub-project implementation. Regular supervision of ESMPs will be executed by NEA and NSC. The progress of ESMP implementation will inform the overall status of the DGM Nepal project safeguard implementation.

The development ESMPs will include the sequential process to:

- Identify and summarize all anticipated significant adverse environmental and social impacts of the proposed activity or sub-project;
- Describe with technical details of each mitigation measure, including the significance of impacts, potential sites (location);
- Assess any potential environmental impacts of these measures;
- Provide linkage with any other mitigation plans, e.g., for pest management, Gender Action Plan, and Biodiversity Management Plan;
- Determine the monitoring objectives and define the type of monitoring, with linkages to the impacts identified in the ESA of the project and the mitigation measures described in the plans. The monitoring section of the ESMP will provide (i) a specific description, and technical details, of monitoring measures, including the indicators to be measured, methods to be used, frequency of monitoring, and definition of thresholds that will signal the need for corrective actions, and (ii) monitoring and reporting procedures to ensure early detection of conditions that necessitate particular mitigation measures and provide information on the progress and outcomes of mitigation (see Table 27 for summary and details in Chapter 10);
- Details of specific description of institutional arrangements with entities and their clear roles and responsibilities for carrying out the mitigation and monitoring measures, e.g., for operation, supervision, enforcement, monitoring of implementation, remedial action, financing, reporting, and staff training and capacity development needed for timely and effective implementation of the ESMPs (see Section 6.4);
- Sub-project grantees should ensure the identification of E and S risks associated with each activity or sub-project, in consultation with relevant beneficiaries and stakeholders.
- Provide (a) an implementation timeline for mitigation measures that must be carried out as part of the ESMP, and (b) the resources and tentative cost estimation and sources of funds for ESMP implementation (costs for mitigation measures, monitoring, and capacity development) (see Chapter 10).
- Relevant documents related to the procurement requirement for the implementation of the ESMP/checklist and the relevant documents will be attached to the bidding documents. This will be in line with the procurement and fiduciary policy of the DGM Nepal project.
- The NEA/NSC will develop standard formats to be included in the contract documents as indicated in the Grant Operational Manual (GoM).
- The NEA will compile the associated ESMPs of relevant activity and sub-project

TABLE 27: ENVIRONMENTAL AND SOCIAL MANAGEMENT PLAN (ESMP) TEMPLATE

SN	Impacts and Risk			Mitigation Plan			Monitoring Plan**			Who	Budget
	Sub-project activity	Impact and risk	Significance*	Mitigation action	Where	When	What to monitor	Where	When		

*Significance- Minimum, medium, and high

**Detail monitoring of ESMP and ESMF is given in Chapter 9

6.4 Institutional Arrangement and Responsibilities for ESMF Implementation

Institutional arrangements for ESMF implementation will be governed by the broader DGM Nepal Implementation Manual (i.e., PIM) and BSP implementation manual. However, being an important part of the project, NEA, NSC, sub-project grantees¹¹ (i.e., local level IPs and LCs organizations), and end-beneficiaries (i.e., IPs and LCs members- women, youth, elderly people, individual households) will have specific roles and responsibilities for the ESMF implementation. Potential institutional arrangements and coordination mechanisms among project-related rightsholders and stakeholders are as follows.

End-beneficiaries (IPs and LCs Households including women):

- Be engaged in the implementation of targeted project-supported activities including provisions of ESMPs as required;
- Support DGM project/Sub-grantees and ERP beneficiaries by following the Environmental and Social Standards associated with the targeted sub-projects linked to them.
- Provide information to the IPs and LCs sub-project grantees relevant to the report preparation.

Sub-project Grantees (IPs and LCs Organizations):

The sub-project grantees (Local level IPs and LCs organizations) have critical roles and responsibilities for the efficient management of ESMF. They generally have the following roles and responsibilities.

- Design sub-proposals with full consideration of the Environmental and Social Safeguards;
- Prepare required sub-project specific Environmental and social documents (e.g., ESMP) in coordination with NEA and make efforts to mitigate the adverse environmental and social impacts throughout the sub-project cycle (e.g., from the development of sub-project proposal to post-implementation);
- Identify the activity or sub-project specific feasible and efficient mitigation measures of the sub-projects according to ESMF requirements;
- Implementation and support for targeted project activities (e.g., including screening and preparation, and implementation of ESMPs and other safeguard documents as required);
- Management of safety and security fund for end-beneficiaries (e.g., IPs and LCs women and households) if it is assigned in the sub-projects;
- Update and report ESMF implementation progress/status to NEA/NSC.
- Prepare ESMP implementation and progress reports as an integral of reports of each sub-project activity and submit the report to the NEA according to the reporting plan.

NEA (Federal and Province level if it is situated at Province level):

¹¹ Sub-project grantees for DGM Nepal may include the Local level IPs and LCs organizations (e.g., associations, federations and networks) including the Forest User groups, Youth groups, mother groups, Local government, provincial, district-level and local government level FECOFUN, NEFIN, NIDWAN,

ACOFUN, AFON, Dalit Network- RDN, HIMAWANTI, etc.)

NEA is broadly responsible for the formulation, design, documentation, monitoring, and implementation of the ESMF related activities.

- Preparation of environmental and social instruments as relevant/necessary;
- Development of capacity building manual on ESMF and capacity building sub-grantees (local level IPs and LCs organizations) on ESMF and Environmental and Social Risks Management;
- Coordination for the implementation of ESMF in harmonization with GRM;
- Facilitate and coordinate the third party for ESMF monitoring and evaluation;
- The DGM will coordinate with REDD IC and REDD desk for capacity building activities and preparation of investment plan for BSP implementation under the component 1.
- Develop manual and implementation of Environmental and Social Audits;
- Development of labor Standards and Occupational Health and Safety Standards as required;
- Collaborate with FIP- FFPP, Provincial and Local Governments for the implementation of ESMF;
- Engage Federal, Provincial, and Local Level Governments and local communities) in implementation of ESMF as necessary;
- Perform any ESMF and safeguards-related activities in consultation with NSC;
- Facilitate and support sub-project grantees for the preparation and implementation of activities or sub-projects-specific ESMP as necessary;
- Review the submitted ESMPs approve them and disclose them through the project webpage;
- Supervise and monitor the implementation of ESMP by the relevant sub-project proponents to ensure the proper implementation;
- Prepare the report overall execution of ESMF with the process, outcomes, and lessons of the ESMP implementation
- Share the lessons with NSC members
- Submit the separate ESMF implementation report to the World Bank and Global Executing Agency as necessary.

NSC:

Responsible for supervision, guidance, strategic feedback, and decision-making on ESMF related concerns.

- Supervise NEA and sub-project grantees and provide timely feedback to them for the implementation of ESMF;
- Ensure proper selection of sub-projects with full consideration of environmental and social safeguards meeting the safeguards requirements of the World Bank and Nepal's Legal arrangement;
- Provide necessary supports and guidance to NEA to implement the E and S safeguard instruments;
- Provide strategic guidance to NEA for the determination of appropriate remedial measures of ESMP and GRM;
- Educate their constituents (i.e., local level IPs and LCs organizations and sub-project grantees in the DGM Nepal project) on Environmental and Social Risks and Impacts.
- Share the lessons of ESMF implementation of the DGM Nepal project and share with the WB

and GSC.

The World Bank

- Review and provide advice on the long list of sub-projects and their respective categorization concerning the Environmental and Social Safeguard aspect.
- Observe the process of ESMF implementation as part of supervision activities;
- Support and provide advice to NEA and NSC in implementing the ESMF.

The proposed process for the development of sub-project proposals by local level IPs and LCs organizations (called sub-project grantees or proponents), screening and determination of the requirement of ESMP, and their approval process concerning Environmental and Social Safeguards for DGM Nepal has been shown in Figure 6.

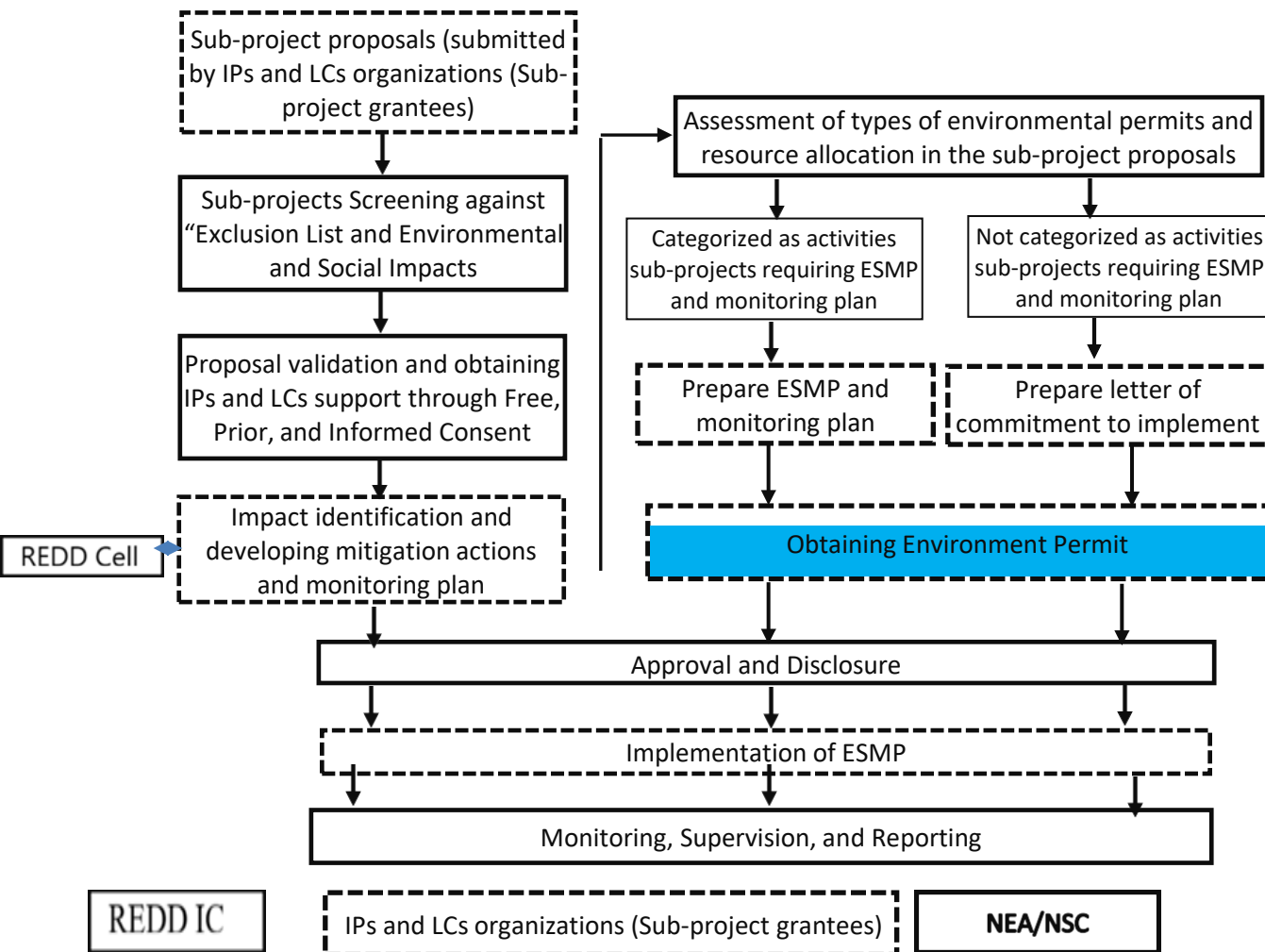


FIGURE 6: ESMP APPROVAL PROCEDURES

Stage-wise key responsibilities of NEA, NSC, local level IPs, and LCs organizations, and end-beneficiaries for each sub-project concerning the ESMF are presented in Table 28.

TABLE 28: ROLES AND RESPONSIBILITIES OF NEA/NSC, SUB-PROJECT GRANTEES, AND END-BENEFICIARIES IN DIFFERENT STAGES OF ESMF IMPLEMENTATION

Stages of Sub-projects and ESMP	NEA and NSC	Sub-project grantees (Local Level IPs and LCs organizations)	End-beneficiaries
Call for Proposal and Implementation of Capacity Building Activities	Facilitate socialization and outreach on the Exclusion List and safeguard measures (esp. requirements for free, prior and informed consultations with IPs and LCs organizations).	Understand and express the commitment to safeguard requirements in the Call-for-Proposal or Expression of Interest (Eols) and consult with NEA/NSC for further clarification as needed.	None
Screening (Activities and Sub-projects)	<ul style="list-style-type: none"> • Screen and assess compliance and adequacy of safeguard measures proposed for activities in the sub-project proposals (<i>proposal submitted by sub-grantees</i>); • Provide feedback to sub-grantees for further improvements; • Rank sub-project proposal quality by incorporating safeguard criteria. 	<ul style="list-style-type: none"> • Identify potential social and environmental risks and concerns of each activity included in their proposed sub-projects; • Assess alternative and/or mitigation measures and outline the mitigation plan. 	None
Proposal Development (Full)	<ul style="list-style-type: none"> • Provide necessary capacity-building events – workshops and training on safeguards, e.g., training on free, prior, and informed consents, consultations, Community Participation Framework, ESMF, Gender Action Plan, etc.); • Provide technical support, particularly for the development of ESIA/ESMP (including budgeting) including requirements for environmental permits, and other safeguard tools where relevant. 	<ul style="list-style-type: none"> • With support from NEA, refine safeguard measures in the sub-project proposals, including a budget, the requirement for environmental permits, ESMP, Grievance Redress Mechanisms, and stakeholder and community participation (end beneficiaries), and outreach; • Reflect a commitment to development and applying ESMF requirements with appropriate impact mitigation measures; • Consult with NEA/NSC (<i>most of the sub-project grantees will be the local level IPs and LCs organizations who are the local/district/province level members of NSC members</i>) on the refinement of risks and safeguard measures for specific sub-project activities. 	None
Proposal Validation (priority list)	<ul style="list-style-type: none"> • Verify the sub-projects proposal by cross-checking with community representatives (<i>targeted end-beneficiaries of sub-projects</i>) to ensure FPIC, promote legitimacy, and attain good faith and enhance community participation and support in the sub-project implementation; 	Support NEA/NSC field visits and observation and provide relevant information as part of the validation assessments.	

	<ul style="list-style-type: none"> Assessment of adequacy and clarity on social and environmental risks for the proposed activities of sub-projects as part of essential criteria for proposal selection. 		
Proposal selection	<ul style="list-style-type: none"> Assess the adequacy of safeguard commitments (e.g., ESMP and other forms of plans, Gender Action Plan, including budgeting, and resources allocated the need for environmental permits, and other necessary measures wherever relevant (this need to involve safeguard specialists in NEA); Inform sub-project proponents on the results as well as the rationale for selection (<i>with necessary feedback for further improvement as needed</i>). Inform single-out sub-project proponents about the result (<i>with sufficient reasons for not being selected as necessary</i>) Manage Grievance Redress Mechanism (GRM) in cases of complaints regarding sub-project proposal selection. (<i>Unselected sub-project proponents can have the concerns</i>). 	<ul style="list-style-type: none"> Inform NEA/NSC if the revisions are made in the original sub-project proposals or design of the sub-project activities; Provide information to NEA/NSC in the cases when additional clarification and information are required. 	
Implementation of sub-projects/activities	<ul style="list-style-type: none"> Regular monitoring of implementation status of ESMP and other safeguard commitments of every sub-project; Regular reporting on the progress and status of ESMF implementation to the WB (as part of progress reports- annual and mid-year); Manage GRM (sub-project selection) and resolve complaints filed, conduct due diligence & investigation as necessary; Providing capacity building (training, coaching, mentoring) for sub-project proponents and end-beneficiaries on ESMP/ESMF implementation; Disclose relevant information to the public (relevant stakeholders, end-beneficiaries). 	<ul style="list-style-type: none"> Implement, monitor, and report ESMP and other safeguard commitments regularly. Manage GRM at the sub-project site level as necessary. Provide technical assistance to end-beneficiaries (i.e., participating communities), or liaise with relevant government agencies and other stakeholders to seek support for ESMP implementation. 	Engage in the implementation of sub-projects and related ESMPs.
Post-implementation (monitoring)*	<ul style="list-style-type: none"> Monitor and evaluate cumulative impacts of the ESMP/ESMF implementation as a part of the overall project; Document lesson learned of ESMF implementation and sharing with GSC; Identify pending and or unsettled issues. 	<ul style="list-style-type: none"> Monitor and evaluate accomplished sub-projects; Support NEA/NSC for monitoring and providing relevant information to NEA/NSC on sub-projects related activities; Document lessons learned and identify pending issues. 	Be present as evidence of the evaluation process of the implementation of ESMP/ESMF

			and for the overall project.
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*More detail in Chapter 10.

6.5 Gender and Social Inclusion Assessment and Action Plan

6.5.1 Objectives of the Gender Equity and Social Inclusion (GESI)

The Gender Equity and Social Inclusion (GESI) assessment aims to understand the situation of Gender Equity/Equality and inclusion of caste and ethnic-based social groups at national and sectoral policies in Nepal. The assessment further intends to identify key gender issues and caste and ethnic-based discrimination and vulnerabilities in the context of the implementation of forest-based climate change mitigation and the project. Besides, the assessment explores avenues of gender integration and social inclusion within the components of the project.

This GESI assessment provides the rationale for the preparation of a detailed Gender Action Plan with indicators, targets, and activities identifying women and social groups including IPs, Dalit, Madhesis, and marginalized local communities as proponents, rightsholders, beneficiaries, and decision-makers for the proposed project.

The assessment is basically a desk review of available literature associated with the national and international provisions and policies of GESI. Besides, some data and information on gender-equity and social inclusion-related indicators were collected and reviewed to identify the status of GESI in the project provinces.

6.6 Review of National Forest Policies for GESI

6.6.1 The Constitution of Nepal

The Constitution of Nepal - 2015 represents a significant milestone for gender equity and social inclusion and enshrines equal rights for women, the poor, the vulnerable, and people from different social groups.

The Constitution guarantees the equal right of women to lineage without any gender discrimination (Article 38). The Constitution further ensures that any acts of violence (e.g., physical, mental, sexual, or psychological) against women would be punishable by law and the right to be compensated as provided for in law.

Article 40 of the Constitution establishes the rights of Dalits to participate in all agencies of the state based on the principle of proportional inclusion. The right to Dalits further elaborates the special provisions by law for the empowerment, representation, and participation of the Dalit community for employment in other areas also including the public service.

The Constitution further guarantees no discrimination among citizens on grounds of origin, religion, race, caste, tribe, sex, economic condition, language or geographical region, ideology, and such other matters (Article 8).

The right to Social Justice (article 42) of the Constitution establishes the rights of socially backward women, Dalits, IPs (Adibasi Janajati), Madhesi, Tharu, Minority Groups, persons with disabilities, marginalized groups, Muslim, backward classes, gender, and sexual minority groups, youths, peasants, laborers, the oppressed and the citizens of backward regions, and economically poor Khas and Arya to employment in state structure based on the principle of inclusion.

6.6.2 The Forestry Sector Legislations (Forest Strategy 2016, Forest Act, 2019)

Various Forestry Sector Legislative instruments recognize gender equity and social inclusion as the major factors of the sustainable management of forests. Forestry Sector Strategy (2016-2025) has stipulated a strategic pillar (7th) of gender equality, social inclusion, and poverty reduction. National Forest Policy, 2019 has specified to eliminate any form of gender discrimination within the government, community, cooperation, and private sector.

Similarly, the Forest Act, 2019 has made the gender-responsive benefit sharing and expenditure provisions (e.g., the CFUGs have to spend at least twenty-five percent of the total income in poverty alleviation, women empowerment, and entrepreneurship development activities percent amount in coordination with the concerned Local Governments). Community Forestry Development Program Guidelines (2009) has a provision to have at least 50 percent of women in the executive committee of CFUGs and a woman in at least one of the two decision-making position holders (chairperson or secretary). The rest of the 50 percent will include marginalized households of IPs and LCs.

6.6.3 Forest Sector Gender Equity and Social Inclusion Strategy (2007)

Gender Equity and Social Inclusion (GESI) strategy for the forestry sector developed by the Ministry of Forests and Soil Conservation (MoFSC) in 2007 provides the strategic direction for the implementation of gender and social inclusion in the management of the forest. The GESI strategy has specific objectives to identify strategies and priority areas in the four change areas of the GESI vision of the MoFSC and assist government, non-government, donor, and private sector bodies working in the forestry sector to institutionalize social inclusion in their organizations as well as in programming and guide all organizations working in the forestry sector to be responsive and inclusive-sensitive.

Furthermore, the MoFSC has declared its gender, poverty, and social equity (GPSE) vision for 2020, which clearly states and commits that the Ministry is gender equity and social inclusion sensitive, practicing good governance to ensure equitable access to, benefits from, and decision-making power over forest resources and benefits of all forestry sector stakeholders.

The GESI strategy is the foundation for the forestry sector to enhance gender-related concerns in the best inclusive policies for forest management and benefit-sharing than other development programs. It is often argued that GESI has not been effective in programming, budgeting, monitoring, and evaluation.

6.6.4 Gender Equity and Social Inclusion Strategy and Action Plan for Climate Change (2077-2087)

The government has endorsed the GESI Strategy and Action Plan for Climate Change (2077-87 BS) to enhance the access of women and marginalized communities to climate change mitigation and adaptation decision-making process and resources. This strategy envisions to do this by mainstreaming the climate change-related gender and social inclusion concerns into national and sub-national policy, strategies, plans, and budgeting processes.

The strategy has outlined nine specific objectives with an emphasis on the institutionalization of gender equity and social inclusion mechanisms in climate change-related programs and plans. To

achieve these objectives, this strategy document has specified the thematic strategies for 10 themes as prioritization made by the National Climate Change Policy, 2019.

The action plan of each strategy for all themes has been developed with activities, monitoring indicators, responsible authorities, and timeframe. Some specified activities for the strategy of the Forests, Biodiversity, and Watershed Management are to ensure at least 50 percent of participation of women and marginalized communities in the forests and other natural resources management executive committee, conduction of capacity building activities for women and marginalized communities, and ensure at least 40 percent of women's representation in any climate change-related international events.

Overall the GESI Strategy and Action Plan for Climate Change has made the basis of the need for women's and marginalized communities' involvement in forests, biodiversity, and watershed management related to climate change activities. However, the strategy and action plan has not included the concerns of IPs and marginalized local communities as envisioned by the project.

6.6.5 Ministry of Forests and Environment

Ministry of Forests and Environment (MoFE) prepared a well-defined GESI strategy developed in 2008 to strengthen its organizational capacity for mainstreaming women, poor, and excluded groups in the forestry sector, and to enhance their involvement in sustainable forest management and forest benefit sharing. The MoFE has recently prepared GESI and Action Plan for climate change. Any program under the MoFE and its departments require adopting the GESI strategy with the formulation of activities and development of Gender, Poverty, and Social Equity (GPSE) monitoring indicators.

While the MoFE has advanced in the formulation of strategy, policy provision, and gender action plans, the implementation aspect of the GESI strategy within its organization remained weak. For example, gender equality in terms of representation of at least 50 percent of women and 50 percent of other marginalized social groups including IPs, Dalits, Muslims, and Madhesis in the executive has been established in the grassroots level forest user groups (i.e., community forest user groups) following the provision of Community Development Program Guidelines (2009). However, the implementation of such practices is lacking in the government structures of the forestry sector including MoFE and its departments. This appears as one critical gender gap that needs to be addressed. The establishment of a gender division/unit with a full-time gender focal person within MoFE could contribute to advancing the spirit of GESI in Nepal's forestry sector.

6.6.6 Federation of Community Forestry Users Nepal (FECOFUN)

FECOFUN is an umbrella organization of CFUGs in Nepal and has demonstrated an example of an inclusive decision-making process in every level of structure. FECOFUN has fully practiced the gender equality rules stated by the Forest Act and CF development guidelines. It ensures women's engagement in the key position of the decision-making body and facilitates local forest user groups to ensure at least 50 percent of women and a proportionate number of the excluded social groups in the executive committee of CFUGs.

FECOFUN and forest user groups select the poorest households as beneficiaries for any program and project through participatory well-being ranking with locally developed criteria. FECOFUN

promises to collaborate and implement any activities and programs that support reducing poverty and improving livelihood for marginalized users in tandem with the conservation of forests. Equitable benefit-sharing among and within forest user groups is a fundamental practice of FECOFUN. Marginalized Dalits, IPs, Muslims, Madhesis, and women of these groups constitute the key beneficiaries. At least 35 percent of the total CFUGs fund is to be used for livelihoods improvement activities of these groups. Public hearing and audit and regular general assembly for planning are some of the approaches the FECOFUN and CFUGs practice to enhance transparency, inclusion, and participation.

6.6.7 National Indigenous Women's Federation (NIWF)

NIWF is an umbrella organization of IPs' specific women's organizations that was established in 2000 to ensure the rights of IPs' women to enhance indigenous women's collective rights and gender equality in accordance with international laws and standards of human rights including UNDRIP & CEDAW through the increased participation of indigenous women in all state structures. NIWF attempts to organize its members and facilitate enhancing traditional knowledge, skills, and customary practices and increase social, economic, cultural, political, and legal empowerment of indigenous women and general sensitivity. NIWF further strives to enhance the institutional development and capacity of indigenous women.

6.6.8 National Indigenous Disabled Women Association Nepal (NIDWAN)

National Indigenous Disabled Women Association Nepal (NIDWAN) an organization for indigenous women with disabilities, was founded in 2015 aiming to strengthen the capacity of indigenous women with disabilities and human rights for a just and equitable society in Nepal. NIDWAN recognizes that some marginalized indigenous women with disabilities face multiple discriminations due to their racial, caste, ethnic and gender identity, age, disability, geographical situation, and poverty. Besides, differently able indigenous women are not represented as a legal entity under the constitution, laws, and policies of Nepal which eventually leads to increased vulnerability and widens the gap with the rest of the society.

NIDWAN works to bring awareness about these marginalized issues in an integrated manner in collaboration with all right holders, governmental institutions, academia, and development partners at the grass-root level, regional and international levels. NIDWAN takes actions at the community level to eliminate barriers and focuses on the need for education, empowerment, development delivery, research, accessible infrastructures, and equitable society to progress towards sustainable development.

6.6.9 Feminist Dalit Organization (FEDO)

FEDO is a national-level Non-Governmental Organization (NGO) established in 1994 to establish the rights of Dalit women by organizing and empowering them for their mainstreaming into national development. FEDO strives to promote the Dalit's rights and eliminate caste and gender-based discrimination and promote justice and equality in Nepalese society. FEDO works at four levels- grassroots, regional, national, and international level to promote Dalit women's advancement and participation at the decision-making level and to campaign for the economic, social, civil, and political rights, especially of Dalit women through economic and political

empowerment, peace process and constitution building, health and sanitation, education, and humanitarian support to live with self-respect and dignity in society.

6.6.10 The Himalayan Grassroots Women’s Natural Resource Management Association (HIMAWANTI)

Established in 1998, HIMAWANTI has been working to strengthen women in sustainable natural resource management in Nepal. As a women-led organization, it aims to promote solidarity among women at the community level to increase their access to natural resources, as well as to ensure the equitable distribution and the benefits accruing from them. HIMAWANTI empowers women to discuss resource management policies and practices, share their respective situations, and evolve into appropriate strategies. Among other, it has district-level chapters in Rautahat, Sarlahi, Mahottari, and Dhanusa districts of Madhesh Province and Banke, Bardiya, Dang, East Rukum, Gulmi, Nawalparasi west, Palpa, Pyuthan, Rolpa, Rupandehi districts of Lumbini Province.

6.6.11 Provincial Government

Ministry of Social Development in the Provincial Governance structure is the responsible authority to look after the concerns of gender and social inclusion. However, the Provincial Ministry of Industry, Tourism, Forest and Environment (MoITFE) lacks such a unit. There is a critical gap for the integration of gender equality and social needs and issues in the forestry sector projects at the provincial level.

6.6.12 Local Government

There is a women, children, and social welfare unit within the local government structure to deal with gender-related concerns. There is provision for a Judicial Committee headed by the Deputy Mayor/Vice-Chair of the municipality to address the complaints. This committee is led usually by an elected woman representative responsible and looks after the local/community level social, women’s affairs, women’s rights/divorce cases/citizenship/gender-based violence (GBV), environment, and forest management-related disputes, and complaints among others. Besides, there is a mandatory provision for the selection of at least two women representatives – each from Dalit and IPs. The local government has thematic committees including for environment and forest committee to deal with development concerns of the respective themes.

6.6.13 Gender and Social Inclusion Activities and Action Plan for DGM

Considering the existing gender and social inclusion status (as discussed in section 6.3) of the project area and the provisions of the national policies and international commitments (section 6.4), the DGM Nepal project recognizes that there are socio-cultural and economic differences between men and women and wealthier and marginalized groups even within the IPs and LCs, which should be considered and respected during the implementation.

Gender concerns in the light of forests and climate change initiatives were highlighted by a GESI assessment study conducted by REDD IC/MoFE in 2017 for the World Bank/FCPF funded Emission Reduction (ER) program (which includes three districts- Rautahat, Bara, and Parsa of the project). The assessment study has identified some gender concerns including the high level of engagement of rural women in labor-intensive forest-related activities and low-level of engagement in the decision-making process and economic activities and multiple discrimination

of women of IPs, Dalits, Madhesis, and Muslims, and the existence of several layers of powerful and exclusive leadership mechanisms at the community. The findings of the study have further revealed that the socially, politically, and economically advantaged women benefit more than other women from the forest and other activities. The assessment study has pointed out threats of the effective implementation of ER Program and other relevant initiatives if these do not consider addressing the prevailing gender gaps and discriminatory situation of social inclusion.

The project has identified several potential activities to address the gender equity and social inclusion concerns of women and vulnerable groups within the scope of the project. While the project has identified women, youths, and marginalized households of IPs and LCs organizations as the rightsholders and project beneficiaries while preparing the activities and action plan, gender-focused activities may enhance project effectiveness towards the address the concerns of gender and social inclusion. Some basic level GESI activities and indicative gender outcomes and indicators are included in the action plan as shown in Table 29. However, a detailed GESI integration action plan will be developed with specific activities, budgets, targets, and monitoring indicators as necessary.

TABLE 29: GENDER AND SOCIAL INCLUSION ACTIVITIES AND ACTION PLAN

Activities (to be launched with a Gender and Social Inclusion Perspective within IPs and LCs)	Output (expected to be along GESI within IPs and LCs)	Responsibility
Component 1: Capacity Building for IPs and LCs for SFM, to secure Community Forest User Rights with Recognition of Traditional Livelihoods and Customary Governance and to engage in Policy Dialogue on REDD+		
Develop GESI Mainstreaming Action Plan with a budget for the DGM Nepal project with women empowerment activities for each component.	A detailed GESI mainstreaming action plan will be developed thereby implementing them to support the DGM Nepal sub-project activities.	NEA (with the lead of GESI specialist)
Develop GESI mainstreaming and ESMF training manual targeting sub-project grantees.	The GESI and Social Safeguard training manual will be developed. Sub-project grantees will promote gender-responsive organizational culture. Gender-responsive criteria will be the major criteria for the selection for sub-project selection.	NEA (with the lead of GESI specialist)
Plan and provide training on Gender Equality, Social Inclusion, and ESMF safeguard mechanisms to sub-project grantees.	Sub-project grantees will be familiar with the GESI requirement in the DGM Nepal project.	NEA (with the lead of GESI specialist)
Facilitate designating a GESI focal person from each sub-project grantee.	GESI and Social Safeguard focal person will be selected for all sub-project grantees.	NEA (with the lead of GESI specialist)
Actively engage women of IPs and LCs in training for sustainable forest management (SFM) and forest-related activities (e.g., sustainable harvesting, silviculture operation including thinning, cleaning, weeding, and pruning and quality enhancement of forest under CBFM).	At least 50 percent of women especially from marginalized groups within IPs and LCs will participate in each training event. Women will be able to adopt improved forest management practices.	NEA (with the lead of GESI specialist and Forest expert)
Capacity building of women on forest mapping and inventory.	At least IPs and LCs women will have increased participation.	NEA (with the lead of GESI and M and E specialists)
Enhancing the capacity of women to have effective and meaningful participation in Nepal’s and global REDD+ concept climate change, forest policy processes, and dialogues.	At least 30 percent of women especially from vulnerable groups of IPs and LCs of total participants will participate in the REDD+ events.	NEA (with the lead of GESI specialist, and REDD+ and Climate change expert)
Enhance the capacity of women to secure customary governance in forest use and management rights for IPs and LCs.	At least 30 percent of participants will be women for this event.	NEA (with the lead of GESI specialist)
Engage women in technical training on Green Jobs in the forestry sector (e.g., wood carving, bamboo handicrafts, leaf plate making, etc.)	At least 50 percent of participants will be women, particularly from marginalized IPs and LCs for the technical training. Women, particularly from marginalized IPs and LCs, have accessed capital and skill to become successful entrepreneurs.	NEA (with the involvement of GESI specialist, REDD NEA (with the involvement of GESI specialist)

Preparation of gender equity and social inclusion focused Information, Education, and Communication Materials.	Information, Education, and Communication materials will contain messages related to gender equity and social inclusion in the light of forest management, REDD+, climate change, forest-based enterprise.	NEA (with the lead of GESI)
Actively engage women in the Vocational Training to enhance forest-based Small and Medium Enterprises (SME) for marginalized IPs and LCs focusing on women and youth.	Women represent at least 30 percent of total participants for such training.	NEA (with the lead of GESI)
Capacity building on the promotion of Eco-tourism and homestay.	At least 50% of the total participants will be women from the marginalized households of IPs and LCs.	NEA – GESI specialist.
Capacity building to NSC	The number of women will increase in NSC. NSC will be gender-responsive.	NEA – GESI specialist.
Component 2: Competitive Grants to Support IPs and LCs Income-Generating Activities resulting from SFM		
Building capacity for income-generating and livelihood improvement activities (off-farm activities).	Income of women particularly from marginalized households of IPs and LCs will increase and decision-making of using such income of women will enhance.	NEA (with the involvement of GESI specialist) and NSC
Promotion of traditional knowledge and skill for income-generating activities.	Women-based traditional skills will be identified and adopted for income-generating activities.	NEA (with the involvement of GESI specialist) and NSC
Enhance women's engagement in forest-based enterprises.	The number of women-owned high-value forest-based enterprises will increase.	NEA (with the involvement of GESI specialist) and NSC
Enhancing technical and project management capacities of sub-project proponents.	At least 50 percent of the participants will be women of sub-project grantees for this event.	NEA (with the involvement of GESI specialist) and NS
Provide sub-project grants for management technical skill development harvesting of NTFP, participatory forest landscape management.	At least 15 percent of the sub-project proponents/grantees will be women-led IPs and LCs organizations.	NEA (with the involvement of GESI specialist) and NSC, and procurement office
Innovating solutions to human-wildlife conflicts	The number of women will increase in the decision-making process and enhance their contribution to the identification of the solutions to human-wildlife conflict.	NEA (with the involvement of GESI specialist), NSC, forest expert.
Innovative solutions to NTFP value addition	The skill of women for NTFP value addition will enhance.	NEA (with the involvement of GESI specialist), NSC, and forest expert.
Support water harvesting and pond conservation.	The workload of women particularly of marginalized IPs and LCs (e.g., water fetching), will decrease. Women-headed households will benefit more from this activity.	NEA (with the involvement of GESI specialist) and NSC, sub-project grantees
Support to agroforestry, family forests, and seed bank establishment	The participation of women particularly of marginalized IPs and LCs will increase in seed bank establishment. The skill of women in managing agroforestry and family forest will increase.	NEA (with the involvement of GESI specialist), NSC, and forest expert.
Component 3: Project Management, Monitoring, and Knowledge		

Development of a project-specific webpage digital platform	The result and outcome of the DGM Nepal project will be updated with the gender and social inclusion-related disaggregated data.	NEA led by M and E specialist and GESI expert.
The practice of systematic documentation of lessons learned, traditional knowledge, and customary practices of forest management.	Success cases and good practices of gender equity and social inclusion in forest management, REDD+, forest-based enterprises will be documentation and shared with relevant stakeholders.	NEA led by M and E specialist and GESI expert.
Engagement and mobilization media in the project and dissemination of good practices on implementation of gender equity and social inclusion.	# of women media person will involve in reporting and disseminating gender-equity and social inclusion-related good practices of the DGM Nepal project.	NEA and M & E specialist.
Ensure gender and social inclusive of staff in NEA (PMU) and NSC	At least 50% of staff will be women and IPs and socially exclude groups – Dalits.	NEA and NSC
Operation of Grievances Redress Mechanism (GRM)	The participation of women will enhance in redressing disputes in the DGM Nepal project.	NEA, NSC, and GRM specialist.
Promotion of social monitoring IPs, public hearing, and gender audit	Allocation of budget to women-focused activities will increase resulting from the practice of public hearings, gender audits, and social monitoring.	NEA (with the involvement of GESI specialist) and NSC, sub-project grantees

6.6.14 Monitoring of Gender and Social Inclusion Action Plan

The NEA will be responsible for implementing the Gender and Social Inclusion Action Plan (GSIAP) under the overall supervision of the NSC. The GESI specialist at the NEA level will support the implementation and monitoring of the GSIAP of the project. Besides, the GESI specialist will also undertake monitoring at the Province level to promote GESI mainstreaming activities, provide support for promoting gender equity in capacity building in the project's beneficiary organizations as well as provide GESI orientation to include women in proposed activities and decision-making processes at the local level. Specific attention will be given to GESI considerations for IPs and LCs participation in sustainable forest management in the project provinces of Nepal.

7: Stakeholder Engagement, Public Consultation, and Information Disclosure

7.1 Stakeholder Engagement

Consultations and communication with different rightsholders and stakeholders throughout the project cycle are essential due to the risks of conflicts arising during the selection and implementation of sub-projects. The objectives of engagement and access to information are to increase awareness by providing information about the project and associated sub-projects to all rightsholders and stakeholders, particularly of the sub-projects implementation sites. Inclusive engagement and timely communication provide an opportunity for the rightsholders and stakeholders to voice their opinions and concerns on different aspects of the project. The concerns and suggestions of the stakeholders would assist in taking appropriate decisions for effective environmental management of the sub-projects. It would help facilitate and streamline decision-making whilst fostering an atmosphere of transparency and trust among the rightsholders and stakeholders, who could affect or be affected by the sub-projects.

Considering this, the project has developed a Stakeholder Engagement Plan (SEP) to analyze the rightsholders and stakeholders, define the program for their engagement, including public information disclosure and consultation throughout the implementation of the project. The specific objectives of SEP include;

- To keep stakeholders informed about the implementation status of project/sub-projects throughout the cycle;
- To address the environmental and social concerns/ impacts, and device mitigation measures taking into account the concerns, feedback, and suggestions of the rightsholders and stakeholders;
- To generate broad rightsholders and stakeholders including community support for the implementation of sub-projects;
- To improve communications among interested parties both rightsholders and stakeholders, and
- To establish the formal complaint submittal/resolution mechanisms.

The SEP outlines how the project will engage the various groups of rightsholders and stakeholders including IPs and LCs organizations and their members (e.g., women), government organizations, and private sectors that provide them with an opportunity to raise their concerns, provide constructive feedback, as well as complaints about the project themselves. While the DGM Nepal project supports various activities through sub-project grant mechanism to the sub-national IPs and LCs organizations considering them as rightsholders and beneficiaries to take charge of their development with effective management and delivery of services to the marginalized communities. The SEP provides the framework of stakeholder mapping and analysis and step-wise approaches to engage the rightsholders and stakeholders appropriately in each stage of the DGM project cycle which helps avoid potential conflicts and facilitates the efficient management of environmental and social risks.

7.2 Analysis of Rightsholders and Stakeholders of the DGM Nepal Project

The project has mapped and analyzed rightsholders and stakeholders based on their influence and power and interest over the project. The SEP has identified the rightsholders and stakeholders at four governance levels (i.e., federal, provincial, district, local government, and community) (Annex 5). The identified major rightsholders include marginalized and forest-dependent IPs and LCs organizations and individuals- women, Dalit, Madhesi, Muslims, youths, and disabled IPs and LCs and some key stakeholders forest authorities, Local governments, Private Sectors - Forest-based enterprises, FIP-FFPP implementing agencies, etc.).

7.3 Proposed Strategies for Engagement and Public Consultation During COVID -19

The project will adopt situation-based approaches to the engagement of rightsholders and stakeholders including even NSC members during the COVID pandemic. The suggested engagement strategies include both virtual and in-person meetings depending on the situation of the COVID Pandemic and nature and the urgency of the meeting. The engagement strategies and situations are suggested to be decided based on the trends and status of COVID cases in the project areas available from reliable government sources (e.g., press notes of Ministry of Health and Population) and the experience of local-level stakeholders before the engagement events. The need and urgency of engagement events will be categorized and prioritized based on which detailed plans will be developed.

During the implementation and monitoring phase, the NEA will continuously organize engagement activities, particularly with federal, provincial, local government, and community level rightsholders (e.g., IPs and LCs women, youth, marginalized and minority, and differently able persons) and stakeholders (e.g., government authorities, Local government, private sectors, etc.). NEA will maintain regular updates on project activities and implementation of the ESMF along with sharing project-related information.

Similar approaches were used for the preparation of ESMF and other documents. At the initial stage of the preparation of ESMF, discussions were made through a virtual web-based platform to get the views and inputs from the NSC members. While the COVID cases went down and the government released the lockdown, a physical event of sharing interaction was organized with NSC members.

The SEP outlines the time, frequencies of engagement of rightsholders and stakeholders during project planning and design and implementation and monitoring phase of each component. The major forms of engagement are public meetings, training, face-to-face interactions, workshop, dialogues and discussions, and mass and social media communication (see detail in the SEP document of the DGM Nepal project). Other forms will be field visits and observation, survey, focused group discussion (FGD), and key informant interviews (KII) depending on the content, objective of engagement. Both virtual and in-person are suggested approaches of engagement. During the COVID pandemic situation, virtual-based engagement will be highly suggested in the form of discussion, meetings, and dialogues among NSC members, Government agencies, and private sectors while in-person will be done field visits and observation and interaction with community members. The following principles of stakeholder engagement will be followed during the COVID-19.

- Make sure that all community groups/beneficiaries, NSC members, and NEA staffs have a decent understanding of social behavior and great cleanliness rehearses;
- Maintain a social distance including use of sanitizers/disinfectants and face masks;
- Postpone all gatherings/meetings as long as these are avoidable. If smaller meetings are permitted, conduct consultation in small-group sessions such as focus group meetings and key informant interviews;
- If the commitment of physical involvement with the beneficiaries and stakeholders is fundamental and cannot be denied and postponed, distinguish channels for coordinate correspondence through context-specific means such as email messages, mail, and online stages;
- Diversify the means of communication and rely more on social media and online channels. Where possible and appropriately create dedicated online platforms and chat groups appropriately based on the type and category of stakeholders;
- Where direct engagement with community groups and project-affected people or beneficiaries is necessary, such as the preparation and implementation of GESI plan and resettlement action plans, identify means of direct communication with each affected household;
- The above-mentioned approaches can be developed in most contexts and situations. However, in situations where none of the above means of communication are suitable for stakeholder consultations, NEA and NSC should discuss with sub-project grantees whether the sub-projects can be rescheduled to a later time. Where it is not possible to postpone NSC and NEA should consult with the World Bank to obtain guidance.

7.4 Sharing of ESMF with Key Stakeholders

NEA will share the final version of ESMF with NSC members including observers and government authorities and IPs and LCs associations, federations and networks, and relevant stakeholders at the federal, provincial, and local government levels. The executive summary and key points of ESMF will be translated into the Nepali language and distributed to the stakeholder prior to the interaction in the project areas. IPs and LCs associations and organizations will be stimulated whether their concerns and priorities that were discussed in the ESMF development process are incorporated in the ESMF. Besides, roles and responsibilities of IPs and LCs associations, government authorities, and relevant stakeholders across the government levels are discussed and their contribution to and support are solicited for the effective implementation of the ESMF.

The project has realized the ESMF document is a living document and the environmental and social risks of the DGM Nepal project will be revisited and updated periodically to capture the evolving socio-economic dynamics in the project areas. This will be done through the consultation and participation of sub-project grantees, NEA, and NSC members.

7.5 Information Disclosure

NEA/NSC will further maintain good and reliable documentation, as well as provide access to information for the public associated with the implementation of the ESMF. NEA will update proposals' status and notify the sub-project proponents about their proposals' selection outcomes (selected or not selected) with the reasons for not meeting the requirements. The

electronic version of the ESMF document and, SEP (both in Nepali and English languages) will be uploaded on the DGM dedicated website and the World Bank's website. The website-based disclosure information will include Project Implementation Manual (PIM), Grant Operational Manual (GoM), shortlisted proposals, unselected sub-project proposals, Letter of Commitment to Implement along with ESMF. Any Environment and Social assessment materials that will be developed during the implementation of the project will display in places to levels of IPs and LCs organizations, end-beneficiaries, and relevant stakeholders.

7.6 Capacity Building NEA for ESMF Implementation

The project acknowledges the capacity and common understanding of ESMF and safeguards measures among NSC, NEA, and sub-project proponents (grantees) are important aspects of the efficient implementation. Building capacity of NEA is important while the NEA performs a pivotal role acting as PMU for the implementation of the project. Capacity building of NEA may need for the following areas.

- **Organizational Capacity:** The project is unique in terms of project objectives and implementation modality whereby the projects are implemented with the support and guidance of the national level IPs and LCs organizations. The NEA may need to have a high level of adaptability. At the organizational level, NEA may need the capacity of team building, IPs, LCs, and gender-responsive organizational policy and culture.
- **Internal and External Coordination Skill-** NEA and its experts may need to build their process skills including building project team spirit and coordination skills. This is an essential aspect for NEA to facilitate NSC meetings where the IPs and LCs organizations who are from differing organizational priorities and mandates and coordinate with FIP-FFPP implementing agency and government authorities.
- **Conflict and Risk Management:** NEA may need some level of facilitation and mediation skills to resolve the potential conflicts arising from the risks of misunderstanding among the IPs and LCs organization at the NSC and sub-project levels.
- **Monitoring and evaluation and Theory of Change:** Sub-projects will primarily be implemented through a range of sub-project grantees belonging to IPs and LCs organizations-associations, federations, councils, and individuals at the sub-national levels - provincial, district, local government, and community levels. At the current stage, there is no official setup (i.e., PPMU) of NEA at these levels and distant monitoring will be a key approach. NEA may need an efficient monitoring skill to ensure the proper implementation of sub-projects. Specific capacity of NEA and its staff may also need for aligning the overall monitoring process into the "Theory of Change" framework.

NEA can assess their organizational and individual level human capacity in light of the project using the following template and identify appropriate capacity enhancement strategies as shown in Table 30.

TABLE 30: TEMPLATE FOR CAPACITY ASSESSMENT

Specific skills required for the DGM Nepal project	Capacity required	Capacity available	Capacity gaps	Recommended actions for building capacity
Organizational level				
Team building				
Shared value and belief- IPs, LCs, and Gender-sensitive (code of conduct) -organizational level action plan (<i>staff hiring, consulting, outsourcing, etc.</i>)				
Adaptability (<i>new project requirements into organizational culture</i>)				
Individual Level				
A. Technical skill				
Theory of Change - Monitoring and evaluation				
Risk Management				
Policy process (<i>IPs-led customary practices, formal forest policy formulation process</i>)				
Conflict management/mediation				
B. Process skill				
Collaboration and internal and external coordination (NSC members)				
Facilitation and problem solving				
External and internal communication and time management				

8. Restriction of Access to Natural Resources and Guidelines for Mitigation

The DGM Nepal project will not work in any legally designated parks or protected areas (PAs) or buffer zones or biodiversity protection areas. Selection of DGM Nepal project areas for the Project (as did by FFPP), and selection of the sites for particular sub-projects activities will avoid all possible circumstances where such prohibition and limitation on access may be created inside or in the vicinity of legally designated PAs.

However, some project activities under component 2 (it depends on the type of sub-projects developed IPs and LCs organizations) may have the potential to restrict some particular communities (e.g., IPs, Dalit, Women, Muslim, Madhesis, and other minority groups) from their access to forest and other natural resources outside the legally designated PAs. Although Process Framework (as per ESS5) is not required in these situations, however, it is crucial to identify the potential risks and appropriate mitigation measures.

The sub-project activities potentially generate restrictions are shown in Table 31 along with the appropriate mitigation measures to be adopted to avoid such restrictions. These mitigation measures are applicable for activities carried out in the capacity building on sustainable forest management, income-generating activities, innovating human-wildlife conflict mitigation, eco-tourism activities implemented with IPs communities, and existing CBFM groups.

Some level of access restrictions imposed by CBFM groups is associated with the approved Forest Operational Plan (FoP). These restrictions are applied for a certain area and duration and for certain members (in some cases) with clear management objectives to generate ecological and social benefits including avoiding/reducing overharvesting, recovery of degraded forest areas, enhancement of regeneration, and control of illegal and unsystematic/uncontrolled extraction of forest products. The preparation and implementation of such an FoP serve as an example whereby the community using the resources collectively decides to restrict access to these resources. The project will facilitate to ensure to have been agreed upon appropriate measures among IPs and LCs and non-IPs and LCs users and put them in place to mitigate any adverse impacts on the affected community members, especially the more vulnerable ones among them.

Public land plantation activities under the project will create conflict between the public-land users who have been using land illegally. Income-poor users will suffer high unless livelihood options are not provided. However, the specific locations of such phenomena are unknown at this stage, the major implications are not known. However, considering the intents of components and their sub-components and the result indicators, and the previous experiences on forest management projects can inform some potential concerns regarding the resource access restrictions as shown in Table 31. Based on the assumption of resource restriction arising from the DGM Nepal project some guidelines for the mitigation are suggested which will be included in the Environment and Social Commitment Plan (ESCP) as necessary.

TABLE 31: ISSUES AND MITIGATION ACTIONS FOR POTENTIAL RESOURCE ACCESS RESTRICTION

Project Activity	Loss of Access Issues	Mitigation Actions
Sustainable Forest Management in existing CBFM groups	Potential for restriction on removal of fuelwood for IPs who need fuelwood throughout the year for making local alcohol	Free availability of branches and byproducts of timber harvest to IPs. Special provision is made for low-income IPs and LCs.
Initiation on restriction-oriented Sustainable forest management	Wealthier IPs and LCs households may apply restrictions on forest product harvest excluding income-poor IPs and LCs households from survival forest products.	Forest-dependent households among IPs and LCs will be identified through the participatory well-being ranking. This will specify the degree of forest dependency of each household thereby formulating the benefit-sharing norms among households as per the dependency level.
Capacity building and awareness raising on REDD+ and climate mitigation initiatives	Wealthier IPs and LCs can rationalize the restriction of forest resource use to increase benefit from the REDD+. This can cause high forest-dependent households of IPs and LCs. Some needy households can shift their place of resource extraction (generally from the national forests and encroach the public land)- which ultimately causes risk of displacement.	<ul style="list-style-type: none"> • Carefully design the awareness content of REDD+ and communication that REDD+ activities should be context-specific whereby the forest groups can identify forest management activities appropriately without impairing livelihoods of forest-dependent IPs and LCs. REDD+ does not mean to limit or restrict forest use. Rather this is to enhance SFM by allowing the use of forest products sustainably targeting forest-dependent IPs and LCs; • Development of appropriate engagement, communication, and information disclosure strategy to forest-dependent IPs and LCs and potential public-land encroachers. • Diversify livelihood options (skill-based training) to high-forest dependent and income poor IPs and LCs; • Identify potential leakage areas in consultation with IPs and LCs organizations and government authorities.
Application of use and management rights with recognition of traditional livelihoods and customary governance	Non-IPs and non-LCs forest users who have been using forest products from the CFUGs may restrict from the present benefits.	Equitable and fair benefit-sharing practices will be adopted to secure the use of forest products to low-income non-IPs and LCs households.
Implementation of only IPs and LCs focused	Non-IPs and LCs households can be demotivated to	Awareness building activities will be carried out among non-IPs and LCs

<p>project without the participation of forest-dependent non-IPs and LCs households</p>	<p>participate in forest conservation.</p>	<p>households with the rights and benefits of customary practices in forest conservation. Income-generation activities will be implemented to non-IPs and LCs but low-income and high forest-dependent households. A culturally appropriate discussion and engagement of rightsholders and stakeholders will be adopted as defined SEP of the project.</p>
<p>Consultation with governments (Local, Provincial, and Federal) on forest-related topic</p>	<p>Consultation of IPs and LCs institutions with government authorities may disregard the concerns of non-IPs and LCs households in the future policy process.</p>	<p>An inclusive consultation mechanism will be developed including IPs, LCs, and non-IPs and LCs associated with the forest management.</p>
<p>Investment in forest-based enterprises related projects (<i>This is an environmental risk</i>)</p>	<p>Training and investment in forest-based enterprises will enhance the skills of women, Dalit, and marginalized IPs and LCs to operate the forest-based enterprises. However, the extraction of raw materials needed for operating these enterprises may be prohibited by some elite executive committee members.</p>	<p>Regular consultations will be organized by sub-project grantees between women, Dalits, and marginalized households, and the executive committee of forest groups to identify the appropriate forest-based enterprises. The commitment of executive committee members of forest groups will be made before the implementation of sub-projects under the project to obtain continued support to trained women, Dalits, and marginalized IPs and LCs for resource extraction/raw materials use.</p>

9. Grievance Redress Mechanism

9.1 Grievance Redress Practices in Nepal's Forestry Sector

The 2015 Constitution of Nepal, the 2008 Good Governance (Management and Operation) Act, the 2007 Rights to Information Act, the 2017 Local Governments Operation Act, the 2019 Environment Protection Act, the 2019 Forest Act, and other various legislative instruments have ensured the citizens' right to file a grievance and have access to an appropriate redress procedure or remedy. Based on article 27 of Nepal's Constitution, every citizen shall have the right to demand and receive information on any matter of his or her interest or of public interest.

Referring to the constitutional provisions, both local governments and the Division Forest Offices (DFOs) shall have to establish a mechanism to address the grievances including the forest-management-related concerns. As per section 46 of the 2017 Local Government Operation Act, each local government has to establish a three-member judicial committee coordinated by its Vice-Chairperson or Deputy Mayor to settle disputes in their respective jurisdictions. Section 47 of this Act stipulates that the judicial committee is responsible for settling local disputes through the judicial process or mediation, which is held in close coordination with the respective ward (the lowest unit of local government) mediation committees. Similarly, the forest and environment sub-committee of the Local Government formed under section 14 of the 2017 Local Government Operation Act also facilitates addressing the forest-management-related grievances raised by local communities.

Similarly, DFOs are responsible for developing a citizen's charter in their office, as mandated by section 25 of the 2008 Good Governance (Management and Operation) Act. Besides, the DFOs establish a complaints box in a visible place to collect forest-management-related feedback and complaints from the public.

Some practices of grievance handling exist already at the community level. For example, some CFUGs and other forest groups, as mandated by their approved by-laws and forest management/operational plan have already settled the complaints. As per the 2015 Community Forestry Development Program Guidelines (revised), CFUGs can establish a subcommittee to receive and handle the grievances received from their members.

There are two windows of the GRM – the DFO structure and the Judicial Committee of the local government. Unsettled disputes at the DFO and Local government are generally settled through the formal legal remedies of the High court (District court, appeal court, and supreme court).

Besides the formal approach, some IPs communities have the customary practices (e.g., Tharu people adopt Barghar in Bardiya and Banke, Bhalmansa in Kaiali, Aghewa and Mahatawa in Dang, Mukhiya in Bara, Disyang in Mustang, Shagya in Manaslu Conservation Area) of grievance handling among and between IPs members. Under the customary practices, respective IPs communities settle the disputes as per the rules and norms which are set for the specific communities.

In addition to this, a REDD+ desk is placed in the Provincial Ministry of Industry, Tourism, Forests, and Environment (MoITFE) which will deal with the GRM for the Emission Reduction (ER) Program (in Madhesh Province, Bagmati Province, Gandaki Province, Lumbini Province, and Sudur

Pashchim Province) and FIP-FFPP (in Madhesh Province and Lumbini Province). Given the practices, the following sections describe the mechanism of DGM related grievances and complaints.

9.2 Grievance Redress Mechanism in DGM Nepal Project

The project has developed SEP which describes the detailed process and arrangements of Grievance Redress Mechanism (GRM) for the project. The GRM provides opportunities for the people and communities to raise their concerns when they perceive a negative impact on their livelihoods and environments resulting from the project implementation with a costless approach and to get timely and satisfactory resolution of the issues.

The GRM for the project ensures that the material benefits/entitlements of compensation are effectively transferred to the intended rightsholders and beneficiaries. Rightsholders including sub-project grantees and end-beneficiaries will be informed of the intention and procedures of the grievance mechanism through appropriate channels of communication. The GRM follows two ways of communication whereby marginalized IPs and LCs including women, Dalits, Muslims, Madhesis, differently able youths, and the elderly can file a complaint of their concerns of being excluded, gender-based violence and social exploitation, and realization of negative effects to their lives or livelihoods, and the environment from the implementation of project activities and will have resolution information of their concerns.

Scope of the GRM in DGM Nepal Project

- **Anonymous Complaints:** Anonymous complaints are not entertained by the project;
- **DGM Nepal project** will emphasize addressing complaints through the existing practices. Management of grievance through formal legal channels and procedures will be applied only for important cases.
- **Financial Fraud or Procurement Specific Mis-use** is not covered by the GRM of the project. Such cases are handled by the project-specific separate procurement and fiduciary risk management mechanisms. Similarly, DGM-specific GRM does not include the grievances such as alleged corruption, intimidation, or major systematic violations of rights.
- **Priority of Complaints/Grievance at the Point of Origin.** Complaints and grievances will be initially dealt with at the point of their origin. Only unsettled complaints at this level will be elevated to a higher level.

9.3 GRM Procedures in the Project

GRM under the project consists of the systems and procedures to receive, analyze and address the concerns. The GRM will be guided by some principles including accessible, predictable, equitable, transparent, right compatible, enabling regular learning, and being based on engagement and dialogue.

Accessible: ensure known to all right holders (e.g., sub-project grantees – IPs and LCs organizations and end-beneficiaries) for which they are intended and provide adequate assistance including communication in the simple and local language.

Predictable: providing a clear and known procedure with an indicative timeframe for each stage.

Equitable: ensure reasonable access to information, fair, informed, and respectful terms.

Transparent: keeping parties (complainants) to a grievance informed about its progress, and providing sufficient information about the mechanism's performance. Update the grievance progress by uploading it to the dedicated webpage.

Rights compatible: ensure the complainants agree the grievances are consistent with applicable national formal and informal (customary) and internationally recognized rights and under the scope of the project.

Enabling continuous learning: Regular analysis of the frequency, patterns, and causes of the grievances and drawing on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms.

Based on engagement and dialogue: consulting the affected right holders for whom the DGM is intended and focusing on dialogue with sub-project grantees, NEA, and NSC as the means of addressing and resolving grievances.

The project will follow the typical steps of addressing grievances as shown in Figure 7. These steps and procedures will be tailored with FIP-FPP approaches and other existing practices in the project sites.

1. **Information:** Inform affected IPs and LCs organizations, individuals, or communities about the GRM procedures as guidance on how to approach the project. A detailed process will be also posted on the Project website.
2. **Receive and Register the Grievances:** Receiving the complaints is the initial step. Project-affected people can submit their concerns either verbal or written as the template given in Annex 6. The complaints will be registered by the designated office - Safeguard Specialist in a grievance log book for reference.
3. **Acknowledge, Assess, and Assign:** The safeguard specialist notifies the complainant(s) of receipt of the complaint. The specialist will communicate the complaint about the process such as reviewing for eligibility. The designated officer will review the eligibility to ensure that the concerns raised by the complainants are relevant to the DGM Nepal project. In this stage, NEA and NSC will screen the validity, scope, and relevancy of the complaints along with the decision scope within NEA, NSC, GSC, and the World Bank.
4. **Investigate, Fact-finding, and Analysis:** The project will classify complaints into three categories based on the decision-making scope of the DGM-project entities. NEA and NSC will determine whether the grievance can be addressed directly through a relatively simple action within NEA and NSC agreed with the complainant; or whether the grievance is complex and it requires additional assessment and engagement of GSC and the World Bank.
 - Direct action to resolve the complaints at NEA and NSC
 - Further assessment and engagement of GSC and the World Bank and other right holders to determine the best way to resolve the complaint.
 - The determination that the complaint is not eligible for the GRM (not relevant to the project); either because it does not meet the basic eligibility criteria, or because other mechanisms are the appropriate place for the complaint to go for the resolution.

NEA and NSC will initiate the analysis and assessment of the complaints by reviewing facts and evidence associated with the complaints.

5. Request for Additional Information: The GRM has the option to request additional information from the Complainant(s) to strengthen the review process of eligibility by giving a certain timeframe (e.g., 10 working days) for the first time. If no response is received from the Complainant(s) within 10 business days of the request, the NEA will make the second request to the Complainant(s) for providing information within another 10 days. If no response is received even within 10 business days of the second request, the NEA in consultation with NSC can consider closing the complaint.

6. Make the Final Decision on the Grievances and Communicate to the Complainants: NEA and NSC will review the additional information and make the decision with the explanation of the complaints under their scope. If the additional information does not support them to decide, the NEA and NSC will decide whether or not to forward complaints to GSC and the World Bank (*see detail below section*).

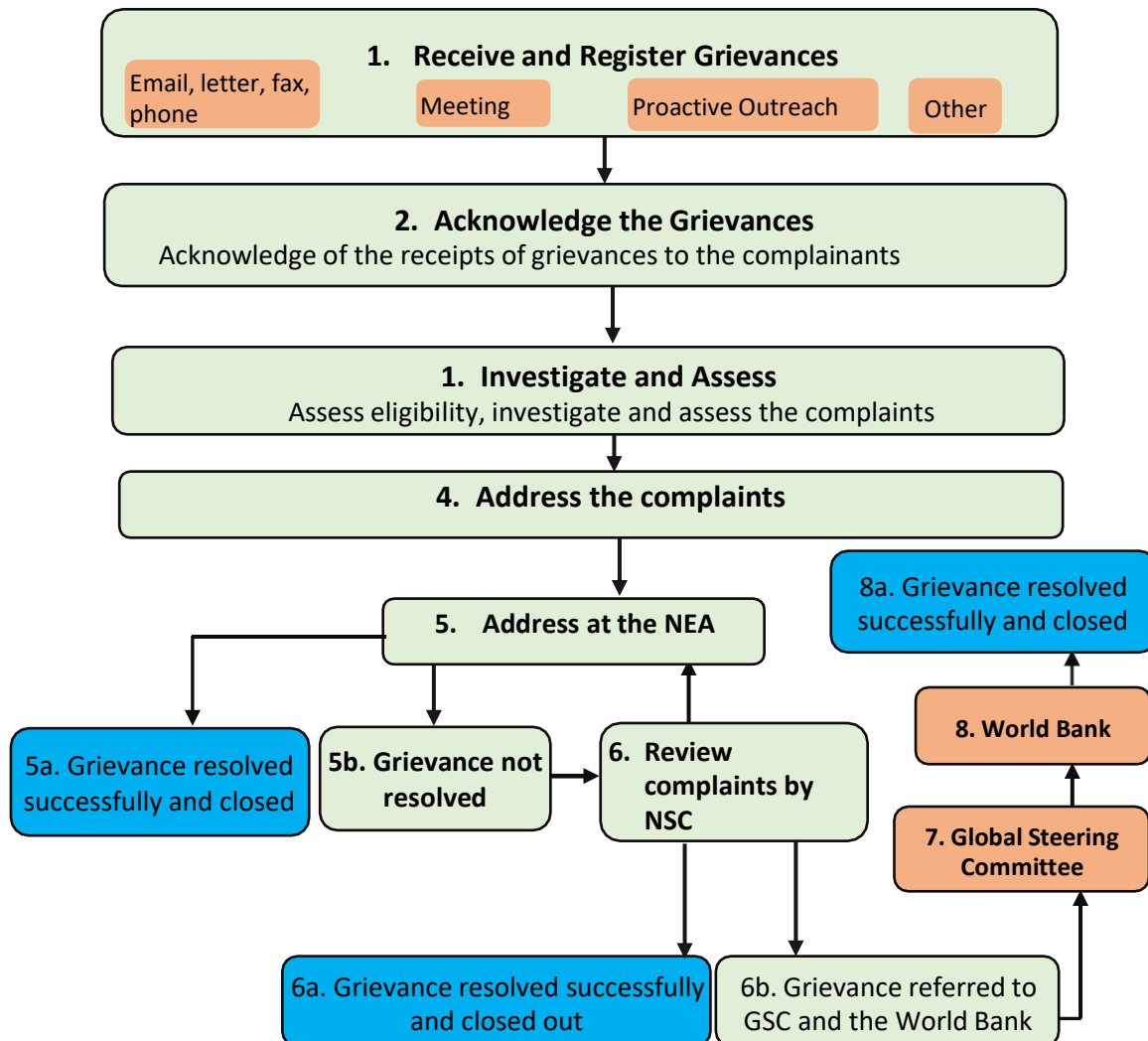


FIGURE 7: TYPICAL STEPS OF GRIEVANCE REDRESS MECHANISM IN DGM NEPAL PROJECT

7.0 Communicate and Closeout: The final step is to close out the grievance. NEA will communicate the outcomes (whether these are decided at the NEA or NSC or GSC and the World Bank level) of the complaints to the complainant in a timely fashion with an effective means of communication using language that is easily understandable to the complainant. The NEA records the steps taken and maintains the details of both successful and unsuccessful complaints. The NEA will also communicate with the complainants and explain the reasons for the decisions and outcomes made by the project and inform complainants about referral or recourse other alternatives including legal remedies.

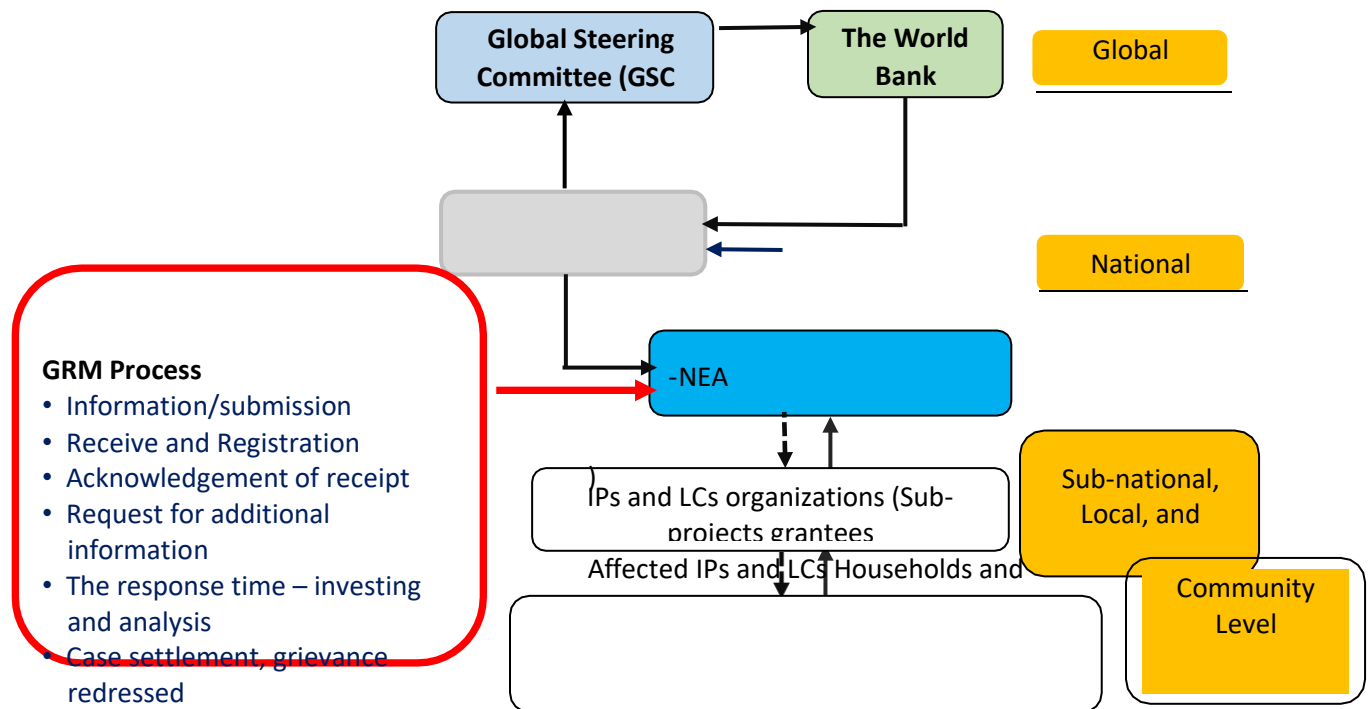
GRM documentation of all (and particular cases) cases will be maintained with confidentiality about the details and will be made public with the consent of the complainants. However, NEA will make disclose the aggregate statistics on the number and type of complaints received, actions taken, and the outcome reached.

8.0 Redress the Grievances: Development of implementation mechanisms such as compensating the affected sub-project grantees, communities, and individuals.

9.0 Monitoring and Evaluation: Regular monitoring of the implementation of the grievances and report to the World Bank. Reporting template is given in Annex 7.

9.4 Proposed Structure of GRM in DGM Nepal Project

Following the typical steps of GRM (stated in section 8.2), the project intends to address project-related complaints specifically at three levels as shown in Figure 8. The proposed operational structure is intended to serve as a guide for the implementation of GRM between and among the DGM entities involved in Nepal. This structure includes the sub-national level (including local level and community level), national level, and global level.



Individuals – Women, differently able people
and Youth

FIGURE 8: TENTATIVE GRM OF THE DGM NEPAL PROJECT

9.4.1 At the Sub-National Level (Sub-project Grantees)

As shown in figure 8, some complaints which are simple and direct raised by the end-beneficiaries – individuals and local communities will be settled by the sub-project grantees (i.e., IPs and LCs organizations) in consultation with NEA (See figure 8). However, sub-project grantees will forward the complaints to the NEA as long as the complaints are complex and beyond the scope of sub-project grantees. Sub-project grantees can address complaints as per their internal disputes management system or other systems being practiced at the communities

Similarly, complaints can be resolved through the existing customary institutions and practices being exercised by IPs communities. However, sub-project grantees and customary institutions should keep records of the number and details of complaints and provide information about the status of complaints to the NEA.

9.4.2 At the NEA and NSC Level

As shown in Figure 8, the NEA as the lead role of social safeguard specialist will set the processes and procedures of the GRM of all project-related complaints. The project-affected communities and individuals may submit their complaints in written form to the NEA at the first stage. The key process to resolve such complaints will include (i) receiving the properly written and verbal complaints, (ii) registering the complaints and preparing a grievance log; (iii) reviewing and analyzing the complaints, and (iv) taking rapid action for resolution of issues; and (iii) publicly report to the concerned body (update the status and action over each complaint through DGM webpage). The NEA will adopt a transparent, impartial, timely, cultural appropriateness, and fair process to address each complaint irrespective of the nature of the grievances. The unresolved issues at the NEA level will be referred to NSC. The NSC reviews the situation with the complaints and sees whether any modification of the response with additional evidence and information might meet the concerns of complaints and make the decision on the grievance considering nature, scope, and relevance to the project. The NSC will identify the situation whether the complaints should go to the GSC and the World Bank. The NEA will inform complainants about the NSC decision of their complaints. The NEA will also update the status of the complaints through the DGM webpage.

9.4.3 At the Global Level (GSC/WB)

The NSC will forward the complaints which do not fall under the scope of the DGM (Nepal) operations at the country level but relates to either (i) the policies of the DGM, (ii) the governance of the DGM in the country, (iii) relates to the World Bank, or (iv) complaints that could not be resolved at lower levels, the matter will be taken to the GSC's Grievance Subcommittee. GSC sub-committee will review the complaints and will refer the complaints that are associated with the NSC's decisions on grant applications to the NSC and provide technical support for the resolution. The GSC will forward the complaints associated with the World Bank policy to the World Bank (safeguard committee). The World Bank will review the complaints and decide whether to send their staff member to the NSC meeting to clarify and interpret the relevant policy.

9.5 Responsibilities for the DGM-related GRM Address Authorities

9.5.1 National Executing Agency (NEA)

- Assign Grievance Focal Person (e.g., Social Safeguard Specialist) to handle the DGM -related grievances
- Receive all complaints of project-affected communities and individuals in the written form
- Prepare and maintain Grievance Log and register the complaints in Grievance Log.
- Take rapid action to address the issues
 - Review and assess
 - Analyze
 - Compile additional information/evidence
 - Resolution
 - Inform and notify the concerned authorities
- Update the action and status (following information) of each complaint through the DGM web-page
 - Number of complaints received
 - Number and percent of complaints that have reached agreement
 - Number and percent of complaints that have been resolved
 - Number of percent of complaints that have not reached agreement
- Forward the issues which are not resolved at the NEA to NSCs
- Provide details and evidence of each complaint to the NSC
- Facilitate the NSC to address the complaints timely
- Receive the decision of NSCs and upload the decision on the DGM Nepal project webpage and inform the concerned authority
- Support sub-project grantees to settle the grievance at the sub-national level (in compliance with FPP GRM structure, customary practices)
- Public disclosure of decisions and information on complaints through the project website. However, details of complaints will be confidential and made publicly available only with the consent of the complainants.

BOX 1: GRIEVANCE LOG SHOULD CONTAIN THE FOLLOWING INFORMATION

- Name of the affected persons/individuals
- Detail address
- Date of registration of the complaints by complainant
- Category of substance of complaints
- Entity/people responsible or handling the complaint
- Date of grievance committee meeting held
- Decision of the complaint made by the meeting
- Details of corrective actions proposed
- Date when the response was notified/responded to the complainant
- Date when the complaint was closed out
- Monitoring and reporting of grievance

9.5.2 National Steering Committee (NSC)

- Form grievance focal person or committee as needed
- Collect/Receive the complaints forwarded from NEA
- Collect evidence of each complaint from NEA

- Review, analyze, and address the grievances timely manner
- Inform the complaints through NEA with the decision and measures taken for the complaints resolutions
- Public disclosure of decisions and information on complaints through the project website.

9.5.3 Global Steering Committee (GSC)

- Compile the complaints forwarded by the NSC
- Review the complaints and assess the relevance to the DGM Nepal project
- Forward and inform the World Bank of the complaints associated with the World Bank
- Maintain the database complaints/grievances
- Support NEA/NSC for addressing the complaints as required

9.5.4 World Bank

- Compile the Bank-related complaints forwarded by GSC
- Review and assess the complaints
- Resolve the complaints distant
- As required, send a World Bank representative during the NSC meeting to settle the grievances
- Observe the overall GRM process adopted by NEA, NSC, and GSC and provide the inputs and support as necessary.

Overall GRM process in the project is summarized in Table 32 together with the tentative timeframe.

TABLE 32: TENTATIVE TIMEFRAME AND SUMMARY OF GRM IN THE DGM NEPAL PROJECT

Steps	Key actions	Tentative timeframe	Remarks
Frist: Information	Timely disclosure of information about the GRM project at the DGM Nepal project before the start of the project implementation via websites, emails, meeting with sub-project grantees.	Start of the new intervention	
Second: Registration and acknowledgment of receipt	<ul style="list-style-type: none"> • Verbally – face to face, phone call • Written- mail, complain box <ul style="list-style-type: none"> ○ Sub-project grantees will submit their complaints to the NEA (PMU) ○ End-beneficiaries will submit to sub-grantees then to NEA (PMU) 	7 days	
Third: Screening/Categorize, Assess, and Analyze	<ul style="list-style-type: none"> • Review the validity, significance, and sensitivity of the grievance and place of origin (i.e., sub-project grantees, end-beneficiaries- individual, forest groups (CFUGs, CFM groups) 	10 days	

	<ul style="list-style-type: none"> • Categorize the complaints based on nature and scope and levels (NEA, NSC, GSC, and WB) need to address. 		
Fourth: Investigate and fact-finding	<ul style="list-style-type: none"> • Find out the evidence and facts related to the complaints that provide support for making proper decisions. 	7 days	
Fifth: Notification of additional information	As necessary, ask for additional information from the complainants to strengthen the investigation process.	10 days	
Sixth: Decision and address the complaints	Conclude the investigation and make the decisions endorsed by the NEA, NSC, GSC, and the World Bank.	7 days after the receiving of additional information	
Seventh: Closeout and Communication	Communicate the outcomes/results of grievances to the complainants and close out the process.	5 days after the decision made	
Eighth: Redress the grievances	Develop implementation mechanism of the redressed grievances such as development compensation to the affected people, communities, and sub-project grantees.	10 days after the final decision	
Ninth: Monitoring and evaluation of implementation progress	<ul style="list-style-type: none"> • Regular monitoring of the grievance implementation progress by NEA and sub-project grantees. • Prepare report and submit to the NSC then to the World Bank 	Regular after the implementation of grievance	

10. Monitoring, Evaluation, and Reporting System of ESMF

10.1 Purpose of ESMF Monitoring, Evaluation, and Reporting

The main objective of ESMF monitoring and reporting is to ensure that the sub-project-wise proposed requirements and commitments of the ESMF are properly implemented throughout the project cycle. The ESMF monitoring, evaluation, and reporting will be part of the broader monitoring and evaluation framework of the project. However, the monitoring and evaluation of ESMF implementation have specific provisions to ensure that:

- All project-affected people, communities, and project participants including the sub-project grantees (Local Level IPs and LCs organizations), end-beneficiaries- IPs and LCs households, and women will have a common understanding of Environmental and Social requirements and the necessary capacities to perform proposed responsibilities and commitments under the ESMF;
- All sub-projects and other activities of the project are implemented in compliance with the environmental and social management requirements of the ESMF;
- Concerns that arise during the ESMF implementation are identified and addressed early enough to avoid any subsequent interruptions that may affect the project outcomes;
- Environmental and social mitigation measures designed as per the ESMF (described in the previous chapters) are reflected in the activity or sub-project-specific ESIA/ESMP for different sub-project activities and are properly undertaken.

10.2 ESMF Monitoring, Evaluation, and Reporting Arrangements

The monitoring and evaluation systems for ESMF will be aligned with the overall monitoring and evaluation framework of the project to reduce the repetition and costs as well as to enhance the coherence between ESMF and project monitoring.

The NEA, with the support of an M&E specialist and Environmental and Social Safeguard Specialist, will develop guidelines for ESMF-related monitoring indicating the responsibilities listed in Table 33. The ESMF monitoring guidelines will include the necessary outlines for various ESMF monitoring requirements and ensure that this enables an effective and participatory monitoring process as required for different activities. While the ESMF monitoring and reporting framework is embedded within the project monitoring system, the monitoring and reporting mostly focus on the implementation indicators of the ESMP.

Capacity building for ESMF monitoring (including training on GESI) is critical to the successful implementation of the ESMF to meet all the required safeguards. Provision for this has been made in the project budget under Component 1 and 2. Table 33 outlines the roles and responsibilities for ESMF-related monitoring for different project entities.

TABLE 33: ESMF MONITORING AND REPORTING RESPONSIBILITIES IN THE DGM NEPAL PROJECT

DGM Project entities	Responsibilities
Sub-project grantees (Local Level IPs and LCs organizations) (<i>Project Beneficiaries</i>)	<ul style="list-style-type: none"> • Identify potential environmental and social risks and include them in the sub-project proposal (proposal stage); • Prepare ESMF documents with the activity-wise (selected sub-project grantees) environment and social risks with specific activity-wise clear mitigation measures and monitoring plan; • Implement ESMP and environmental and social impacts mitigation measures at the site level; • Exercise other monitoring tools such as public hearing, public audit • Monitoring the ESMF/ESMP implementation (during the implementation stage); • Facilitate and mobilize the end-beneficiaries (if any) to implement mitigation measures at the site level (community level). • Update/inform NEA about the ESMF implementation progress and status. • Inform of the monitoring support from NEA (e.g., M&E specialist and Safeguard specialist) as required; • Provide NEA with data/information, evidence, and necessary supports (arrangement of field visit- sub-project sites) for internal and independent monitoring; • Document the progress and achievement of the sub-project wise ESMF implementation and submit a monitoring report to NEA (PMU) as per the designated format (<i>prepared by NEA – M&E specialist and Safeguard Specialist</i>);

NEA (Leadership of M &E Specialist and Safeguard Specialist)	<ul style="list-style-type: none"> • M & E Specialist and E and S Safeguard Specialists will be responsible for ensuring the effective implementation of ESMF; • Supporting facilitation of stakeholder engagement activities including citizen engagement activities for efficient management of environmental and social risks related to the project; • Ensuring adequate consideration and inclusion of GESI related aspects into sub-projects thereby minimizing social risks; • Coordinating with other stakeholders including relevant federal, provincial forest authorities, and local governments as necessary for the implementation of ESMF; • Development of the environmental and social standard for sub-projects and the monitoring framework of the ESMF and implementation stage; • Evaluate sub-project proposals in accordance with ESMF along with ESMP, environmental and social impacts, mitigation measures, and monitoring plan (sub-projects screening stage); • Develop ESMF monitoring guidelines with data requirement format showing a clear link with the overall project level monitoring Framework; • Provide sub-project grantees with necessary training and coaching and enhance capacity building to prepare ESMF along with the detailed ESMP – highlighting environmental and social impacts, and practical and efficient mitigation measures; • Support sub- project grantees (IPs and LCs organizations) to implement the ESMF at the sub-project sites; • Supervise and monitor the ESMF implementation by sub-project grantees; • Assist sub-grantees in preparing ESMF monitoring reports; • Data management and preparation of ESMF monitoring report with the key lesson learned from the implementation of ESMF; • Ensuring participatory monitoring and evaluation of ESMF and other safeguard commitments (<i>e.g., Gender Action Plan, IPs Plan, etc.</i>); • Identifying the third-party monitoring expert (individual/organization) in consultation with NSC and the World Bank and provide the necessary support to them (<i>e.g., field visit, data, and information generated from internal audit, etc.</i>); • Coordinate with FIP-FFPP project for effective implementation of the ESMF; • Disclose annual ESMF monitoring report through the DGM webpage. • Share key learning of ESMF implementation with the NSC (GSC, GEA, and the World Bank as necessary).
NSC	<ul style="list-style-type: none"> • Be informed and updated with the ESMF implementation; • Review progress of ESMF implementation and make necessary decisions regarding the ESMF and provide strategic supports and guidance to NEA for further improvement of ESMF implementation; • Communication ESMF lesson learned to GSC and the World Bank.
World Bank	Supervise and guide NSC/NEA for ESMF implementation.

GSC	Facilitate to exchange the ESMF related lessons among the DGM countries
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10.2.1 Internal Monitoring and Reporting of ESMF

As indicated in Table 33, M& E specialists and E and S Safeguard Specialists in the PMU (NEA) will be responsible for overall internal environmental and social safeguard compliance monitoring for ESMF for the project to ensure the effective implementation of ESMF. NEA/NSC will screen sub-projects activities submitted by the sub-project grantees (IPs and LCs organizations) to assess their requirements for environmental and social safeguards monitoring before their implementation. M&E specialist with the support of the Safeguard specialist will develop an appropriate monitoring system and practical indicators applicable to ESMF implementation of each sub-project (sub-projects that have prepared ESMP). With the support of sub-project grantees (i.e., Local level IPs and LCs organizations), M&E and safeguard specialists will monitor ESMF implementation of each sub-project and will prepare field reports covering the status of implementation and identify the sub-project that require further implementation of additional environmental and social safeguards and ESMP. The monitoring reports will contain (for those activities that require the application of environmental and social safeguards) the following:

- Details of consultations held (sites, dates, names of participants)
- Main concerns arising during the consultations; and
- Description of mitigating actions of each concern (if required)

The M & E specialist will undertake follow-up monitoring visits as required to ensure the effective implementation of mitigation measures.

10.2.2 External Monitoring and Reporting of ESMF

External or third-party ESMF monitoring (independent audit) will be entrusted to have an independent perspective on the performance of the implementation of ESMF commitments. The external (independent) monitoring will be carried out twice in the project period. The monitoring will include the assessment of safeguards compliance as per the ESMF using activity or sub-project-specific ESMPs and other safeguard instruments including Gender Action Plan, IPs Plan, if any, etc. The external monitoring will also be aligned with the overall project monitoring.

The independent monitoring will particularly assess the ESMF implementation process and the effectiveness of adopted mitigation measures, and identify the necessary amendments of the measures to be included in the ESMF for enhancing its effectiveness. For this purpose, the third-party independent consultant as defined in Annex 8 will be appointed by the PMU (NEA) in consultation with NSC, GSC, and the World Bank as necessary.

The external monitoring will be performed with a set of mixed methods of evaluation including review of internal monitoring reports and field observations, interaction with sub-grantees, end-beneficiaries, NEA, and NSC to apprehend the real practices and achievement. The monitoring will primarily assess the approaches and extent of roles and responsibilities performed by all DGM entities concerning the implementation of environmental and social safeguard

management. The annual external monitoring will validate and check the internal ESMF monitoring systems.

10.2.3 Reporting of ESMF/ESMP

The PMU (NEA) will submit quarterly monitoring reports to the World Bank. The reporting requirements will be aligned with the overall project monitoring system. The reports will be disclosed by uploading on the dedicated webpage of the project (operated by NEA/NSC), GEA, and World Bank web pages.

ESMF monitoring reports will reflect the implementation status of ESMF and ESMP and provide a broader overview of environmental and social safeguards of the DGM sub-project activities. Information will further serve the NEA (PMU), NSC, GSC, and the World Bank to assess the effectiveness of the adopted mitigation measures, while it will also provide opportunities to find alternative measures at an early stage to avoid further potential negative impacts.

10.2.4 The Supervision by the World Bank

As part of the regular project supervision, the World Bank may undertake supervision of ESMF-related project activities with a combination of interaction with NSC members, field observations, and interaction with sub-project grantees, and end-beneficiaries. For the specific issues/complaints or non-compliance with the ESMF, the World Bank may entrust independent monitors for the site-based investigations in order to determine appropriate measures required.

11. Tentative Cost of ESMF Implementation

This implementation cost of the ESMF will be embedded within the overall funding heading of the DGM Nepal project. The costs will be required to implement some additional activities related to the management of the environmental and social risks as outlined in the ESMF (chapters 4 and 5) and preparation and implementation of ESMP.

The sub-projects and activities relevant to ESMF require costs that broadly cover two headings: (1). Human resources, guideline development, and capacity building, and (2). Activities to mitigate risks as highlighted in ESMF (Table 34). The first category includes the costs for Monitoring and Evaluation Specialist, Project GRM development, Capacity building to sub-project grantees, Internal and external monitoring for ESMF. The costs associated with the implementation sub-project activities, which contribute to the Environmental and Social Safeguard Management, are not included in this cost calculation.

TABLE 34: COST ESTIMATION FOR THE IMPLEMENTATION OF ESMF

Budget code (This will come from PIM)	Safeguard Related activities	Total costs for Year 1-5 (USD@118)	Comments
	M & E Specialist	55,084.74	M & E specialist and E & S Safeguard Specialist are key responsible persons for capacity building and training to sub-project grantees, development of GRM, and monitoring of sub-project grantees. (50% of M & E specialists and 100% of E & S Safeguard Specialist incentives are included).
	Environment and Social Safeguard Specialist	110,169.49	
	Development of Project GRM Development (NEA)	8,474.57	
	Training and capacity-building support Sub-project Grantees on ESMF, capacity building for BSP , Safeguards, and Gender within IPs and LCs	33,898.30	20 Events of training.
	Support sub-project grantees to prepare and implement ESMP (Madhesh Province and Lumbini Province and other provinces as necessary) Investment plan to implement BSP	28,474.74	

	Implementation of other ESMF commitments (<i>e.g., social audit, gender audit, public audit, hearing, etc.</i>)	8,474.57	
	Capacity-building support for sub-project grantees on GRM	12,711.86	10 events of training.

	(There will be 200 sub-project grantees altogether. 20 Persons in each training event)		
	ESMF Internal Monitoring (Twice a year * 5 = 10)	33,898.30	M and E Specialist will be responsible to undertake internal monitoring with necessary support from E and S specialists and NSC members.
	Third-Party (Independent) monitoring of ESMF (2 times in the project period)	25423.72	
	Total	316610.12	

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Annex 1: Participants participated in ESMF consultation (a) NSC members, (b) Lumbini Province, and (c) Madhesh Province

The Consultations with provincial stakeholders of Lumbini Province and Madhesh Province was carried out to solicit comments on the ESMF. The document was also shared with the representatives of IPs and LCs networks, NEA, NSC members, and IPs experts virtually and physically, and the World Bank for their inputs to finalize the document.

Annex 2. Legislative measures, Policy Guidelines and Directives

SN	Legislative measures	Provisions and description of measures
1	Constitution of Nepal, 2015	<p>The constitution has ensured the rights of all citizens including IPs and LCs, to live in a healthy and clean environment and the victim of environmental pollution and degradation shall have compensation by the pollutant as provided for by law (Article 30). Based on these fundamental rights, the affected IPs and LCs, and other rightsholders can claim their rights to environmental justice.</p> <p>Similarly, the Constitution has ensured the fundamental rights of citizens including IPs and LCs for exercising both individual and collective rights over natural resources including forests. The Constitution has provision to formulate policy for sustainable use of biodiversity through the conservation and management of forests, fauna, and flora, and by minimizing the negative impacts of industrialization and the physical environment by promoting public awareness on environmental cleanliness and protection (Article 15 section 5). The Constitution of Nepal further has stipulated the provision for positive discrimination by formulating laws for the protection, empowerment, and development of marginalized groups including IPs and LCs (Article 18). While enacting laws on natural resources including forests, the government can make special legal arrangements in accordance with positive discrimination to protect, respect, and promote the rights of IPs and LCs (Article 51, clause “J”). The Constitution has ensured the provision of formulating a policy of adopting appropriate ways of minimizing or mitigating negative effects on the environment if it is there, or if there is a possibility of such an impact on nature, environment, or biodiversity (Article 51, section 7).</p>
2	National Environmental Policy, 2076 (2019)	<p>The Government has endorsed the “National Environmental Policy, 2019” to control pollution, manage waste and promote greenery to ensure citizens’ right to live in a fair and healthy environment. The policy is framed to guide the implementation of environment-related laws and other thematic laws, realize the international commitment, and enable collaboration between all concerned government agencies and non-government organizations on environmental management actions.</p>
3	Environment Protection Act, 2019 (2076 BS) and the Regulation (2020) (2077 BS)	<p>Environment Protection Act (EPA), 2019 (2076 BS), and Environmental Protection Rules (EPR), 2020 (2077 BS) are the major legislations that provide a holistic framework for the protection and improvement of the environment during the project/proposal implementation. Section 3.5 of t EPA (2019) provides the provision to prepare a Concise Environmental Study Report, Initial Environmental Examination (IEE), and Environmental Impact Assessment (EIA) as means of analyzing potential risks and impacts and identifying mitigation measures. The EPA prohibits the implementation of development proposals of natural resource projects without prior approval of the environmental assessment study reports adhering to this Act (Section 8). Section 1, 2, and 3 of the Environment Protection Regulation (2020) stipulates the detailed descriptions and standards regarding project proposals requiring a Concise Environmental Study report, IEE, and EIA together with forestry and other sectoral programs/projects.</p>

4	Forestry Sector Strategy (2016-2025)	<p>The Forestry Sector Strategy (FSS) is a guiding document to implement the forest policy (2015) for 10 years (i.e., 2016-2025). The FSS intends to deliver five major outcomes including the sustainable production and supply of forest products; implementation of biodiversity, watersheds, and ecosystem services, increased contribution to national economic development, and inclusive and accountable forestry sector institutions and organizations to develop a climate-resilient society and forest ecosystem. Among 8 strategic pillars, some pillars (i.e., responsive and transparent organizations and partnerships, improved governance and effective service delivery, gender equality, social inclusion, poverty reduction, etc.) explicitly enable environmental and social safeguard in forests, biodiversity, and watershed management and climate change-related initiatives.</p>
5	National Forest Policy, 2019 (2075 BS)	<p>The Government of Nepal adopted National Forest Policy (2019) with the vision to contribute to social, economic, and cultural prosperity through sustainable management of ecosystem resources including forests, biodiversity, and watersheds. The policy has made provision to adopt mitigation and adaptation measures to achieve this policy vision including the increased forest productivity and production of forest products through sustainable forest management, increase benefits from ecosystem services including biodiversity and resources conservations, and reducing the impact of climate change. Among others, policy # 8 explicitly enables ensuring social safeguard, inclusion, and governance in light of forest-dependent IPs and LCs through the promotion of equitable distribution and improvement of forest governance.</p>
6	Forest Act, 2019 (2076 BS)	<p>The Forest Act, 2019 (2076 BS) provides a framework to ensure operational management of the forestry sector, ensure the development, conservation, and proper utilization of forest products thereby contributing to national prosperity. The Act recognizes the importance of forests in maintaining a healthy environment. The Act also provides the policy for cooperation in the conservation and development of private forests, public and urban forests while also managing the national forests in the form of government-managed forests, protected forests, and community-based management system including community forests, collaborative forest management, leasehold forest, and religious forest.</p> <p>The Forest Act has given a bundle of rights to local communities for conservation, development, management, and use of forest products under community-based management systems. The Act defines forest groups (i.e., community forest user groups (CFUGs), Leasehold Forest Groups (LHFGs), Collaborative Forest Management Groups (CoFMGs)) as self-sustained, perpetual entities and have given absolute rights to them in managing and utilizing their forests.</p> <p>Clause 3 of the Act states the tenure and ownership and land use of the national forests while Clause 4 of the Act outlines the activities to avoid negative effects on forests and the environment. Clause 7 of the Act restricts the registration of any land within the government's forests under private ownership. Similarly, the Act strictly prohibits registration; setting fires; grazing, removing, or damaging forest products; felling trees or plants;</p>

		hunting wildlife; and extracting boulders, sand, and soil from the national forest without prior approval (Clause 49) and prohibits to use of any part of the national forest area in a manner to change the land use of the forest area (Clause 41).
7	Climate Change Policy, 2076 (2019), GoN	The policy includes climate adaptation and disaster risk reduction; low carbon development and climate resilience; access to financial resources and utilization; capacity building, peoples’ participation, and empowerment; study, research, technology transfer; climate-friendly natural resources management; and institutional setup with legal provisions for monitoring and evaluation. The policy categorically mentions mainstreaming gender equality and social inclusion (GESI) into climate change mitigation and adaptation programs as one of the objectives. The policy adopts 12 sectoral and inter-sectoral policies (that includes forests, biodiversity, and watershed management as well), strategies, and working policies for attaining the aforementioned goal and objectives.
8	Nepal National REDD+ Strategy, 2018	Nepal’s REDD+ strategy guides REDD+ implementation in Nepal and assists in advancing sustainable forest management. The strategy has emphasized the integration of various sectoral policies that optimize cross-sectoral synergies that will ultimately lead to an improvement of forest law enforcement and governance through the necessary amendment of Act and Regulations to accommodate the concerns of stakeholders complying with relevant international standards, agreements, and decisions. The Strategy has many provisions related to the environmental and social safeguards that need to be considered when designing and implementing programs/projects. The strategy specifically ensures social and environmental safeguards including environmental-friendly development (Strategy # 11) with special emphasis on ensuring tenure rights over the forest and carbon, equitable benefit-sharing among forest-dependent IPs and LCs- Madhesis, Dalit, Marginalized and Disadvantaged households (Strategy #5).
9	Local Government Operations Act, 2017	The Local Government Operations Act 2017 places 45 functions related to planning, monitoring, and management of conservation of the environment, watershed, forests, and natural resources under the jurisdiction of the Local Governments (LG). Article 4 (e) of the Act defines 26 activities that local government can operate to avoid negative effects on forests, wildlife, water resources, environment, ecosystem, and biodiversity.
10	Labor Act, 2074 BS (2017A.D.), Labor Rules, 2075 B.S. (2018 A.D.), Child Labor Prohibition and Regulation Act, 2056 BS (2000), and Regulation 2062 BS (2006)	Labor Act and Labor Rules, 2075 deals with manual labor. Section 2, clause 6 depicts that there must be no gender, religion, caste, or ethnicity-based discrimination among working laborers. Section 2, clause 5 depicts that it cannot make the child under the age of 16 work. The employer has the responsibility to ensure healthy environmental conditions of the workplace as defined by the law. Child Labor Prohibition and Regulation Act is the main document to prohibit the engagement of children in laborious activities and to make necessary provisions concerning their health, security, services, and facilities while engaging them in other activities. Under section 3 of the Act, a child who has not attained the age of 14 years is strictly prohibited to be engaged as a laborer. Similarly, under section 4, engagement of a child in works as a laborer against his/her will by way of persuasion,

		misrepresentation, or by subjecting him or her to any influence or fear or threat or coercion or by any other means is prohibited. In case any enterprise has to engage a child in work, Approval has to be obtained from the concerned labor office or any authority or official prescribed by that office and from the father, mother, or guardian of the child (Section 6).
11	Provincial Forest Bill (2021) of Lumbini Province and Forest Act (2021) of Madhesh Province	<p>Forest Act/bill of the Lumbini Province provides the framework for the sustainable management of national forests within the territory of the province through the protection of forest resources thereby improving the province’s economic development towards contributing to its prosperity. Chapter 2 of the Bill outlines the tenure and ownership and land use of national forests. Articles of this chapter outline the activities to avoid negative effects on forests and the environment. Article 7 in this chapter restricts the registration of any land within the government’s forests under private ownership. Similarly, Clause 8 clarifies the criteria for individual ownership over the national forests.</p> <p>Chapter 3 of the Bill provides the provision for the management of the government-managed national forests. This chapter also prohibits any activities within the government-managed forest other than those directed by the strategic plan and periodic forest management plan and those related to forest development. Chapter 10 of the Bill highlights the provision of forests for any projects as well as stipulates the requirements to fulfill by the project proponents for project implementation. However, the Bill appears to remain silent concerning the management and use rights of the IPs over the forests and forest products.</p>
12	Indigenous Peoples Commission Act, 2017 (2074 BS)	<p>The Act was adopted to protect, preserve and promote the identity of history and culture and rights of and to empower the Indigenous Peoples Communities.</p> <p>The commission takes the responsibility of monitoring the implementation of the international treaties and agreements relating to the IPs communities by the government as a signatory and provides the recommendations to the Government of Nepal for their implementation. The Commission also reviews, monitors, and evaluates the implementation of the policy and programs related to IPs communities. The commission is further to support the promotion of customary skills, technologies, and practices through the conservation of knowledge, and to recommend the government for formulation of necessary policies and provision to conserve and promote the physical, cultural knowledge of IPs communities.</p>
13	National Dalit Commission Act, 2017 (2074 BS)	<p>The Act was adopted to protect, preserve and promote the human rights and interests of the Dalit community. Article 256 of the Constitution describes the power, function, and duties of the Commission. Among other, some functions of the commission include reviewing, monitoring, and evaluating the policy and programs related to the Dalit community, to make recommendations to the Government of Nepal for the protection and promotion of the rights and interests of the Dalit community and the empowerment of such community, to monitor the implementation of the international treaties, agreements, and commitments relating to the Dalit Community that Nepal is a party to, and to make recommendations or suggestions for its implementation to the</p>

		Government of Nepal, and to review, monitor, and evaluate the awareness generating programs conducted by the Government of Nepal and other institutions for the protection, promotion, and empowerment of the rights and interests of the Dalit Community.
14	National Parks and Wild Life Conservation Act – 1973, and Buffer Zone Management Rules, 1996 (2052 BS)	<p>This Act provides a comprehensive framework for the management of the national parks, protection of wildlife and their habitat, regulation of hunting and conservation, promotion, development, and formulation of appropriate arrangements for and the use of places that are of special importance. This Act generally restricts entry into national park areas without prior permission in the core areas declared as national parks and wildlife reserves considering the avoidance of negative effects on the conservation of floral and fauna diversity.</p> <p>However, the 4th amendment act (in 1993) made the provisions to establish peripheral areas of national parks and wildlife reserves as the buffer zone with a consideration of local communities’ participation in strengthening the conservation of biodiversity and environment in and around national parks and wildlife reserves. The Government of Nepal endorsed the Buffer Zone Management Rules, 1996 to facilitate buffer zone management activities targeting communities residing surrounding the protected areas. This regulation allows park authority and IPs and LCs to design programs for the buffer zones that are compatible with the national parks and wildlife reserves management. However, the rules (chapter 5) prohibits activities including occupying any land without legal ownership or felling trees, clear forest, and any other activities damaging forest resources, habitats, and wildlife within the Buffer Zone that generate negative effects on forests, the environment, and society including IPs and LCs.</p>
15	Solid waste management Act, 2069 BS (2011)	Under section 5 of chapter 2 of the act, any individual or organization or body shall, as far as possible, reduce the production of solid waste while carrying out some transaction or activity. The individuals or organizations require to reduce the amount of remaining solid waste by making arrangements for disposal or reuse of solid waste which might have been otherwise disposed of on such individual or organizations’ own area. Section 10 has emphasized the reduction, reuse, and recycling use of solid waste.

Annex 3: UNFCCC Safeguard Principles for REDD+

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

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

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

Annex 4: Environmental and Social Screening Checklist for the DGM Nepal Project

Name of the sub-project						
Location (Village, LG, District, Province)						
Type of sub-project						
Size of the sub-project (geographical coverage and tentative budget)						
Number of beneficiaries						
Contact person						
Contact information						
General description of the sub-project (key objective, implementation strategies adopt to achieve the objectives):						
Screening Questions	Yes	No	Impact scale			Remarks
			Low	Medium	High	
A. Sub-project sites						
Is the project area adjacent to or within any of the following environmentally sensitive areas? Note: If yes, the subproject will be void.						
Cultural heritage site (Janaki mandir in Province, Lumbini – Lumbini Province, etc.)						
Protected area (national park/wildlife reserve)						
Wetland (Jagadishpur- Lumbini)						
Buffer Zone of Protected Areas (Parsa, Banke and Bardiya National Parks and Koshi Tappu wildlife reserve)						
Special area for protecting biodiversity (Protected forest- Dhanusadam in Dhanusa district- Madhesh Province, Khata in Bardiya- Lumbini Province)						
Riverside – erosion-prone area						
B. Environmental Screening Checklist (Note: If yes, the sub-project will be void)						
Will the forest-based enterprises generate water effluents (wastewater) that may require special treatment, control, or water management permit?						
Will there be any destruction of trees and vegetation during the training on Sustainable Forest Management?						
Will the activity (e.g., forest-based enterprises) generate solid waste that may be hazardous to aquatic wildlife, difficult to manage?						
Will the project activities cause degradation and reduction of the quality of drinking water?						

Will there be any negative effect on locally important or valued ecosystems or vegetation?						
Will there be any negative effects on rare, vulnerable, threatened or endangered species of flora and their habitat?						
Will there be any adverse effect on wildlife habitat, corridors (Khata corridors in Bardiya, or movement?						
Will there be any negative effect on soil productivity (e.g., due to soil erosion, etc.)?						
Will there be any adverse effect on cultivated and arable land from the project activities?						
Will there be any adverse impact on historically or culturally important sites (temples, monuments, mosques, and monasteries)?						
Any other, please mention						
For any negative impacts identified above, please suggest mitigation measures in the Environmental Management Plan (EMP).						
C. Social Screening Checklist						
Will the proposed sub-projects require the acquisition of land e.g., <ul style="list-style-type: none"> • Encroachment on the private property of IPs and LCs • Relocation of project affected persons • Loss of private lands or assets • Impact on existing livelihood options If yes, the proposed projects and sub-projects will be void.						
Are the activities likely to induce potential social conflict between IPs and LCs and government agencies?						
Will the activities (green jobs, enterprises) increase the risk of sexual abuse, harassment, and exploitation?						
Is there any chance of loss of access, use, and management rights of non-IPs (LCs and others in this project case) while promoting customary practices of IPs over forest management?						

Are there any sub-projects that affect working conditions such as employment, compliance with labor, and other social laws including non-discrimination, equal opportunity, child labor?						
Will the proposed sub-project disrupt the access of IPs and LCs to health services and general services from available from different levels of government?						
Are there any vulnerable IPs and LCs residing within or adjacent to the sub-project site?						
If yes, are the IPs and LCs involved in the planning and implementation of the sub-projects?						
Will any specific groups of IPs (<i>groups of IPs within the general IPs- (as discussed in section 2.2, IPs in Nepal are categorized into five groups)</i>) and LCs get negatively affected by the sub-projects while the project intends to promote the rights of General IPs and LCs over the forest management?						
For any negative impacts identified above, please identify mitigation measures in the Social Management Plan (SMP).						

Annex 5: Identified Right-holders and stakeholders of the project.

Level of stakeholders	Stakeholders (Government)		
	Project affected parties	Interested parties	Targeted/Impacted stakeholders
Federal level	Ministry of Finance, Ministry of Forests and Environment, Department of Forest and Watershed management	Ministry of Agriculture and Livestock Development, Ministry of Industry, Commerce, and Supplies	REDD IC, Climate Change Management Division,
Provincial-level	Ministry of Industry, Tourism, Forests, and Environment; Province Forest Directorate;	Ministry of Agriculture and Land Management; Province Ministry of Social Development	Sub-/Division Forest Offices; Watershed Management Offices; Small and Cottage Industry Offices
Local Level	50 Local government of Madhesh Province and Lumbini Province	Divisional Forest Offices Local Government, Agriculture Knowledge Centre	Representatives of local governments
Right-holder/Stakeholders (Indigenous People)			
Federal level	Nepal Federation of Indigenous Nationalities (NEFIN); Center for Indigenous Peoples' Research and Development (CIPRED); Specific federations of IPs (women, youth, labor, disable, lawyers, journalists, students, and filmmakers)	National Foundation For Development of Indigenous Nationalities; Indigenous Nationalities Commission (INC); professional federations of IPs, experts from IP communities	Members of the federal council of NEFIN; Ethnic group's federations
Provincial-level	Province Coordination Councils of NEFIN	-	Members of Provincial Council of NEFIN
Local Level	District Coordination Councils (DDCs) and Local Level Councils of NEFIN	District chapter of Ethnic groups federations, Local government	Members of DCCs and the local council of NEFIN
Communities/families	Families of Indigenous Peoples	Formal and informal customary institutions of IPs	Families of minority and marginalized IPs and extinct tribes
Right-holder/Stakeholders (Local Communities –federations, associations, community-based forest management groups)			
Federal level	Federation of Community Forestry Users, Nepal (FECOFUN), Association of Collaborative Forest Users, Nepal (ACOFUN),	Federations or associations of farmer groups, landless groups, drinking water groups, irrigation groups, and community electricity groups.	Members of the National Executive Committee of FECOFUN and ACOFUN

Provincial-level	Provincial FECOFUN, Madheshis Network,	Provincial associations of community-based natural resource management	Members of Executive Committee of Provincial FECOFUN
Local Level	District FECOFUN and ACOFUN; Local FECOFUN	Local-level Issue-based networks of CBNRM groups, Local Government	Members of Executive Committee of local FECOFUN and ACOFUN
Communities/families	Community Forest User Groups (CFUGs); Collaborative Forest User Groups; Buffer Zone CFUGs;	CBNRM groups (Wetland, water, agriculture, livestock, fisheries, agro-forestry, leaseholds).	Indigent and forest-dependent poor and marginalized family members of CFUGs and other CBFM/CBNRM groups.
Right-holder/Stakeholders (Local Communities – Dalits and other marginalized communities)			
Federal level	Dalits NGO Federation (DNF); Rashtriya Dalit Network (RDN)	National Dalit Commission, Dalit NGOs working in forest/natural resource management, experts from Dalit communities.	Members of DNF and RDN
Provincial-level	Provincial DNF	-	Members of Provincial DNF
Local Government Level	District DNF	Local Government; District level networks of Dalit NGOs/communities	Members of Dalit networks
Communities/families	Forest dependent and vulnerable families of Dalit communities	Traditional occupation-based families of Dalit communities.	Forest-dependent poor families of Dalit communities
Right holders/Stakeholders (Local Communities – Women)			
Federal level	HIMAWANTI NIWF NIDWAN FEDO Female Foresters Nepal (FFN) Other women networks working in the forestry sector	Ministry of Women, Children and Social Welfare; National Women Commission, NGOs/CBOs and their networks working in the forestry sector, women farmer groups, forest-based women entrepreneurs.	Members of Steering Committee of HIMAWANTI, NIWF, NIDWAN, and FEDO; women members of the executive committees of NEFIN, FECOFUN, ACOFUN, AFFON
Provincial-level	The provincial chapter of HIMAWANTI, NIWF, NIDWAN, FEDO	-	Members of the provincial chapter of women networks
Local Government Level	Local-level CBOs and customary institutions of	Women Development Section of Local Government;	Members of women-led local CBOs working on

	women working in the forest sector	Local-level CBOs of women working on natural resource	forest and natural resources
Communities/families	Formal and informal women groups leading or working on community-based forest management including customary forests,	Women groups leading or working on biodiversity, agriculture, water, and climate adaptation	Members of women groups working on forest and other natural resources specifically women-led FUGs and customary institutions; Indigenous women and Dalit women, poor women, helpless women, single women, girls of poor families, traditional occupation-based women families
Right-holders/Stakeholders (Local Communities – Differently able people)			
Federal level	National Federation of Disabled Nepal (NFDN)	Activists working on the rights and issues of differently able people	Members of Executive Committee of NFDN
Provincial-level	Provincial Office of NFDN	-	Members of Executive Committee of provincial NFDN
Local Government Level	District Office of NFDN	NGOs working on the rights and issues of differently able people	Members of Executive Committee of district NFDN
Communities/families	Differently able people in the families and their groups	CBOs working on the issue of differently able people	Differently able people and their families
Right-holders/Stakeholders (Local Communities – Landless)			
Federal level	National Land Rights Forum (NLRF)	NGOs/civil societies working for advocacy to promote the rights of landless people.	Members of NLFR
Provincial-level	-	-	-
Local Government Level	District Land Rights Forum Local Land Rights Forum	Local Government; District level Civil Society Organizations (CSOs) working on the issue of landless families.	Members of District and local land rights forum
Communities/families	Landless families	Ward of local government	Members of landless families
Right-holders/Stakeholders (Local Communities – Farmers, Family Forest Farmers, Forest-based small scale micro-enterprise, Forest-based rural cooperatives)			

Federal level	AFFON National Farmer Group Federation of Nepal (NFGF)	National Farmer Commission, NGOs/CSOs working in the issues of marginalized	National Executive members of AFFON and NFGF
Provincial- level	Provincial offices of AFFON and NFGF	-	Members of AFFON and NFGF at the provincial level
Local Government Level	District and local chapters of AFFON and NFGN	Local Government, District level NGOs/CSOs	Members of district AFFON and NFGN
Communities/ families	Farmers, family Forest owners	CBOs working to support marginalized farmer families	Members of marginalized farmer

Annex 7: Quarterly Grievance Redress Report

Reporting period: From.....To

Case No.	Complainant's name, gender, and address	Nature of grievance and expectation of complainant	Date of complaints submitted	Method of resolution with dates	Decisions and date of communication to the complainants	Progress Resolved/pending (ongoing for the decision)	Agreement of the decision (commitment to the complainants)	Reasons for pending

Annex 8: Draft Terms of Reference of Third-Party Monitoring

Position: Third Party/Independent Environment & Social Safeguard Consultant	
Base/Station: Flexible/Project Management Unit (PMU)	
Project: The DGM Nepal Project	
Expected Date to Start the Assignment:	Duration:
Reports to:	Title:
Background:	
Brief project description and rationale for entrusting third-party consultant.	
Tasks to be achieved:	
The objective of the assignment is to prepare the report on overall safeguard performance compliance in line with the project's Environmental and Social Management Framework (ESMF).	
Scope of the Assignment (Roles and Responsibilities)	
<ul style="list-style-type: none"> • Under the guidance of the Team Leader, M & E, E & S, and GESI specialist and in co-operation with NEA/NSC, the consultant will carry out his/her duties to prepare the Independent Safeguards Compliance Report for the project; • Review objectives and implementation modalities of the project's safeguard and other relevant documents of the project; • Review periodic monitoring reports and assess environmental and social safeguards planning process adopted by the project; • Carry out field visits in the sample sites, interact with sub-project grantees, and assess safeguard compliance and best practices adopted (i.e., environmental and social screening, preparation of ESMPs during planning and implementation) by the project; • Review GRM practiced by the project and assess its effectiveness; • Review internal monitoring and reporting system of the project regarding the safeguards compliance; • Summarize the key areas for improvement and provide specific recommendations on safeguards compliance of the project. 	
Specific Tasks:	
<ul style="list-style-type: none"> • The consultant should be fully committed to finishing the task in the given time frame. • Review and analyze the project activities (sub-project screening, ESMP, and environmental and social safeguard monitoring and reporting as per the ESMF) and other safeguard instruments, if any; • Assess safeguards compliance at planning and implementation of sub-projects adopted by the sub-project grantees (i.e., IPs and LCs organizations): practices of livelihood /income restoration of people – women, marginalized households of IPs and LCs, etc; • Review lesson learned dissemination and project activities disclosure (communication and coordination) mechanism; • Highlight good practices of the project adopted safeguards compliance during the implementation of activities under the project; • Review the approach and effectiveness of the implementation of GESI action plan and strategy of engaging women, differently able people, youths, elderly people in safeguards related activities; • Assess the monitoring and evaluation of ESMF in the light of mainstream project monitoring and evaluation system; • Assess safeguards monitoring and reporting practices. 	
Key output/Deliverables:	
Required Competencies:	