

**Report on**  
**Mid-Term Review (MTR) of the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities in Nepal (DGM Nepal)**

**Executive Agency:** The World Bank

**Implementing Agency :** Rural Reconstruction Nepal (RRN), Kathmandu

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## **Acronyms and Abbreviations**

AFFON	Association of Family Forest Owners Nepal
CBO	Community-Based Organization
CBFM	Community-Based Forest Management
CI	Conservation International
CIF	Climate Investment Funds
CoP	Conference of the Parties
DGM Nepal	Dedicated Grant Mechanism for Indigenous Peoples and Local Communities in Nepal
ER-P	Emissions Reductions Program
ESMF	Environmental and Social Management Framework
ESRM	Environmental and Social Risk Management
ESS	Environmental and Social Standards
FECOFUN	Federation of Community Forest Users Nepal
FIP	Forest Investment Program
FONIJ	Federation of Nepalese Indigenous Journalists
FRLD	Fund for Responding to Loss and Damage
GEDSI	Gender Equality, Disability, and Social Inclusion
GEA	Global Executing Agency
GESI	Gender Equality and Social Inclusion
GOM	Grant Operating Manual
GoN	Government of Nepal
GRID	Green, Resilient, and Inclusive Development
GRM	Grievance Redress Mechanism
IPLCs	Indigenous Peoples and Local Communities
LMP	Labour Management Plan
M&E	Monitoring and Evaluation
MIS	Management Information System
MoFE	Ministry of Forests and Environment
MTR	Mid-Term Review
NDC	Nationally Determined Contribution
NEA	National Executing Agency
NEFIN	Nepal Federation of Indigenous Nationalities
NGO	Non-Governmental Organization
NIDA	Nepal Indigenous Development Association
NIWF	National Indigenous Women's Federation
NSC	National Steering Committee
NTFP	Non-Timber Forest Product
PAD	Project Appraisal Document
PDO	Project Development Objective

PMU	Project Management Unit
POM	Project Operational Manual
RDN	Rastriya Dalit Network
REDD+	Reducing Emissions from Deforestation and Forest Degradation
REoI	Request for Expression of Interest
RRN	Rural Reconstruction Nepal
SEP	Stakeholders Engagement Plan
SFM	Sustainable Forest Management
SSKE	South to South Knowledge Exchange
STEP	Systematic Tracking of Exchanges in Procurement
TNA	Training Needs Assessment
UNFCCC	United Nations Framework Convention on Climate Change
WB	World Bank

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Our sincere thanks go to all individuals and organizations who contributed to the successful completion of the DGM-Nepal Project Mid Term Review Report. We deeply appreciate the project team members for their unwavering dedication, hard work, and commitment to achieving the project's objectives. We are equally grateful to the project stakeholders, including community partners, local authorities, and the funding agency, the World Bank, for their invaluable support and insights throughout the review process.

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## Executive Summary

This report outlines the key findings with respect to relevancy, progress, and challenges of the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities in Nepal (DGM Nepal) project, and comes up with doable recommendations for future course of action, based on the Mid-term Review of the Project during April-May 2025. DGM-Nepal is a US\$4.5 million, five-year project (2022–2027) funded by the World Bank’s Forest Investment Program, and aims to enhance the capacity of forest-dependent Indigenous Peoples and Local Communities (IPLCs) in Madhesh and Lumbini Provinces of Nepal to engage in REDD+ processes and improve livelihoods. Implemented by Rural Reconstruction Nepal (RRN) as the National Executing Agency (NEA), the project focuses on capacity building, competitive grants, and project management, especially targeting women, youth, and marginalized groups within the IPLCs.

### Key Findings:

#### Relevance:

The project aligns with Nepal’s REDD+ Strategy, National Forest Policy, and climate goals but faces inclusivity gaps, with low female satisfaction (20% vs. 75% target) and elite-led sub-projects.

#### Progress:

The project excels in REDD+ engagement, with 82% of beneficiaries reporting increased roles (surpassing the 75% target) through national/global events. The Grievance Redress Mechanism achieved 100% resolution of 40 grievances (exceeding the 90% target). Total 1821 out of 8,500 targeted beneficiaries (21.42%) have gained forest-based benefits, however, the indicator should disaggregate beneficiaries by monetary and non-monetary benefits. No sub-projects are completed (target: 75) yet. Overall expenditure is low at 18%, with Component 2 (grants) at 6%.

#### Challenges:

Delays in sub-project implementation due to lengthy procurement (while intended to enhance fiduciary oversight and ensure quality compliance) have nonetheless slowed the progress and governance challenges. Moreover, limited progress in local-level capacity building activities (5 of 40 events completed-12.5% progress) and Scholarships hindered overall progress. Governance tensions between the NEA and National Steering Committee (NSC), staff turnover in key PMU positions, and weak monitoring and evaluation (M&E) systems further impede effectiveness.

#### Recommendations:

1. **Design:** Prioritize forest-based sub-projects and forest-adjacent municipalities in Madhesh.
2. **Governance:** Enhance NSC-NEA collaboration, strengthen the Grievance Redress Mechanism for governance issues, and empower NSC decision-making.
3. **Management:** Fill vacant PMU roles, augment provincial staffing, operationalize the Management Information System, and develop and implement a robust M&E plan.
4. **Implementation:** Speed up procurements especially for the small grantee, expedite scholarships and local capacity-building events, and target poor and marginalized IPLCs over well-to do ones.
5. **Risk Management:** Strengthen environmental and social oversight, expand training, and address governance tensions transparently.
6. **Outreach:** Continue leveraging local leaders and religious events, update the project website, and share bilingual success stories.

To conclude, despite strong REDD+ engagement, DGM Nepal risks missing its objectives primarily due to implementation delays, and governance challenges. Urgent corrective actions can ensure sustainable, equitable outcomes for forest-dependent IPLCs by August 2027, aligning with Nepal’s climate and development goals.

## CHAPTER 1. INTRODUCTION

### *1.1 Background to the Project*

The Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (IPLCs) in Nepal (DGM Nepal) Project is a part of the global initiative under the Forest Investment Program (FIP). It is a five-year project (November, 2022- August, 2027) implemented by Rural Reconstruction Nepal (RRN) as the National Executing Agency (NEA). The project is funded through the Strategic Climate Fund - a multi-donor trust fund established in 2009.

The overall objective of DGM-Nepal (also referred as ‘The Project’) is to strengthen the capacity of targeted forest-dependent Indigenous Peoples and Local Communities (IPLCs) in Lumbini and Madhesh Provinces of Nepal, emphasizing women, youth, and Dalits.

### *1.2 The Project Administration:*

Rural Reconstruction Nepal (RRN) is the National Executing Agency (NEA) of the DGM-Nepal fully accountable for project implementation, selected by the National Steering Committee (NSC) on a competitive basis. The overall project administration is being carried out at the RRN, head office in Kathmandu. RRN manages the sub-projects at field level through the respective field offices in Madhesh and Lumbini Provinces with the principle of “for local communities, by local communities.”

The NSC, comprises 14 members representing various IPLC organizations (e.g., NEFIN, FECOFUN, RDN) and 2 non-decision-making participants - one each from the Ministry of Forest and Environment and the World Bank. The NSC is an overall decision-making body providing strategic oversight, approving sub-project proposals for funding and scholarships. The NSC and RRN collaborate with the Global Steering Committee (GSC) and Conservation International (CI), the Global Executing Agency (GEA) for the DGM Global Project.

RRN as NEA manages Monitoring and Evaluation of the Project with biannual and annual reports, a midterm review, and final evaluation. Indicators track beneficiary engagement, benefits, and governance transparency.

### *1.3. The Mid-Term Review (MTR)*

The Project has a provision of a mid-term review to be conducted after half way of the project implementation, and that the findings of the review to be shared with the donor agency and key stakeholders as a reference for the necessary corrective measures for the remaining period of the project. Accordingly, this Mid-Term Review was carried out.

#### **1.3.1 Objectives of the MTR**

The objectives of the MTR are as follows

- i. assessing the degree to which DGM Nepal Project is on-track in meeting its development objectives moving forward and their relevance under the current circumstances;
- ii. reviewing the project structures and processes;
- iii. undertaking a progress review and effectiveness of the project to assess how the program as a whole is on-track to meet its goals with particular attention to the appropriateness of the projects design, implementation and risks; and
- iv. providing recommendations for improvements necessary to ensure effectiveness in the delivery of the project development objectives.

### **1.3.2 Scope of the MTR**

The MTR covers a thorough assessment of all aspects of the DGM Nepal Project so as to address MTR objectives, including identification and documentation of challenges, opportunities and lessons learned so far, and to make recommendations to improve the Project's implementation for the remaining project duration.

The overall scope of the assignment comprises but not limited to the following aspects.

#### ***a. Project Design, Progress and Relevance***

- (i) During the assessment process all relevant documents including the Project Appraisal Document (PAD) and the financing agreements, the Project Operational Manual (POM), Grant Operational Manual (GOM), Stakeholders Engagement Plan (SEP), Labour Management Plan (LMP) and the Environment and Social Management Framework (ESMF) have thoroughly been reviewed to understand the objectives and design of the project and implementation schemes.
- ii. While reviewing the project design, special attention have been paid on
  - Component/activity selection, the design objectives at all levels (component, sub component, activity) and the linkages of these to each other.
  - The complexity of the project, the ability of the current design and components/activities to deliver the project's development objectives, the capacity of the stakeholders involved in implementation and the limitation of the existing budget and completion of the activities.
- iii. Based on the above assessment specific recommendations have been made for required improvement to ensure effectiveness in the delivery of the project development objectives with particular, focus on what changes (revisions/reductions/increments) in activities (and funding) will need to be made to ensure that the objectives of the project are achieved along with revisions and updates to the results framework, targets and indicators as needed.
- iv. The assessment ascertains the project's compatibility with the Government's development policies, its linkages with other ongoing programs in the sector and the role of various stakeholders, critically examining the role of the World Bank, the Government and other stakeholders in the designing of the project and subsequent gains and/or challenges.

#### ***b. Project Management***

- i. The review provides an analysis of the effectiveness of the project's overall governance structure and the project implementation structure within the RRN, including the project personnel, and the component heads who are assigned to execute the objectives of each of the components of the project.
- ii. The review assesses the achievements and shortcomings of each component of the project including the arrangements and capacities for the management and support of the individual components and make specific recommendations including reorganization or sourcing external support, where necessary, to ensure the effective delivery of the activities and achievement of the objectives for each of the components for the remainder of the project period.
- ii. The review, includes an assessment of the provincial offices, (Madhesh and Lumbini), and make recommendations, where necessary, on improvements of the capacity and methods of work to ensure effective support for the implementation of the remaining activities of the project.

- iii. The review also assesses existing management arrangements for the coordination of the project and make recommendations for improvements where necessary to ensure maximum benefits in the implementation of the project.

### ***c. Project Implementation***

The assessment has included the following aspects of Project implementation:

- i) Review of the status of implementation of each of the components, sub components and an assessment whether it is on track or not including emerging issues to be addressed going forward for the remaining period of the project. Identification and determination of the relevance, efficiency, effectiveness and sustainability of methods and mechanisms established for the management of each component at municipality level and National level as well as compliance with Project requirements and procedures if applicable
- ii) Identification of outputs and preliminary results and outcomes of the project interventions within the participating IPLCs and national Level including an assessment of the performance and delivery capacity of RRN and grant recipient IPLCs.
- iii) An assessment of the major risks facing the project and recommending measures for mitigating these risks. The effects of the risks on some activities/sub-components and the impact of these on the component and project objectives are analyzed.

### ***d. Presentation of key findings and recommendations***

A workshop was organized following the draft report preparation to share major findings among key stakeholders and the comments and suggestions received from the workshop participants were incorporated in the final report.

#### ***1.4. Methodology and Approach***

The MTR has been undertaken in line with the ToR, project guidelines and covenants stipulated in the Grant Agreement and in the PAD and POM. The evaluation carried out the analysis of the project's overall performance against these documents.

The evaluation team followed a participatory and consultative approach that ensured close engagement with the implementing agency, NSC and direct beneficiaries. The information were acquired through both the primary and secondary sources. Primary data were collected during field visits of project implementation provinces carried out based on the 'checklists' prepared for the purpose of individual interviews, and discussions with the target groups. Secondary data were gathered from project related documents provided by RRN.

The methodological procedures employed for undertaking this assignment basically comprised: (i) Pre-fieldwork (Review of the project related documents and consultation) (ii) Preparation of Inception Report (iii) Field visit which include (a) Interviews and consultations with relevant stakeholders (b) Group/Individual interviews/discussion with the project beneficiaries, (c) On-spot observation of sub grant project in the project provinces.

##### ***1.4.1 Pre-fieldwork Preparation and Consultation***

The preparatory started by reviewing project documents, periodic reports and other publications related to the project. The desk study involved review of key documents such as Project Appraisal Document (PAD), Project Operational Manual (POM) Environmental and Social Management Framework (ESMF), Stakeholder Engagement Plan (SEP), Grant Operating Manual (GOM), labour Management Plan (LMP), and periodic reports to acquire a comprehensive understanding of the project's design, approach and methodology, as well as to gain an understanding of project's governance and implementation structure, budgets, indicators and development objectives.

Based on the review of documents and consultation, an inception report was developed to outline the initial planning and approach for MTR, and shared with RRN and WB for receiving comments. The Project Management Team of RRN in Kathmandu were duly consulted for appropriate selection of the sub-project sites for field observations and interaction. The sample sub-projects were purposively selected ensuring appropriate coverage of diverse geographical locations and various level of implementation status of the sub-projects. Similarly, adequate representation of the different types of grant recipients (NGOs/CBOs/individual/Group/cooperatives) from both IPs and LCs were also considered while selecting the sample sub-projects. Accordingly, total 20 different sub projects were tentatively identified for the study from this consultation. However, some adjustments had to make while being in the field and consultation with the provincial staffs, and hence total 21 sub-projects (14 in Madhesh Province and 7 in Lumbini were visited and observed on the spot for the detail study (the list of sub-projects is attached in Annex).

#### **1.4.2 Stakeholders Consultations**

In addition to documentation review, the information gathering techniques included: consultations with NSC members, World Bank experts, project beneficiaries, RRN staff, and other relevant individuals. Prior to stakeholder's consultation, a stakeholder list was prepared in coordination with RRN and the consultations methods included in-person and virtual interviews/interaction.

#### **1.4.3 Field Observations**

Field visit covered 14 grantees in Madhesh province and 7 in Lumbini province. Additionally, 10 individual participants who attended capacity-strengthening training or workshops were also contacted for the information.

#### **1.4.4 Group Interaction/Interviews with IPLCs**

Group and Individual interaction/interviews were conducted with the project beneficiaries in Madhesh and Lumbini provinces. During the field visits, open discussions were conducted with the IPLCs in the project sites. Discussion primarily based on the project activities so far implemented focusing mainly on the following aspects.

- Relevance of project's objectives and activities in the local context particularly in the contemporary development policy landscapes and REDD+ priorities, whether project empowered specific groups, such as women or marginalized IPLCs, through its activities;
- Effectiveness of project in meeting IPLCs expectations and ensuring their needs are addressed and contributes to the overall objectives of the project;
- Efficiency of project (how well resources (time, budget, personnel) being utilized) to achieve its planned outcomes;
- Transparency and inclusiveness of the processes (e.g., grant application, reporting), whether IPLC felt included in decision-making or activities related to the project, or do they face any barriers to accessing information or participating fully in the project, whether their voices and needs were adequately represented in project activities, whether they participated in any Forest Investment Program (FIP) or REDD+ related activities (local, national, or global) since receiving the grant/technical assistance;
- Environment and Social Safeguard (whether project comply with local, national, and international environmental regulations, whether there are clear objectives to minimize environmental degradation or any plans to manage air, water, and soil pollution during construction and operation or regular monitoring mechanisms to track environmental impacts), whether local communities been adequately consulted about the project or

community concerns and feedback integrated into project planning, whether the project impact cultural sites, sacred lands, or archaeological areas? ;

- Current Status/Progress/Challenges/ Performance (e.g., ongoing, completed, delayed), timeline of key milestones achieved to date;
- Problem/ Risk encountered during project implementation;
- Sustainability (Do they believe the benefits of grant would continue after the project ends? What support would they need to sustain outcomes in the long-run?);
- Suggestions/recommendations for achieving the project objectives within the remaining project period.

A standard checklist (Attached in the annex) was developed prior to field visit to be used during group/individual /Interviews which guided to get information as per the objectives of MTR. The list of the organizations whose operations were observed in the field as well as the persons who participated in the discussions and interviews are presented in Annex.

## CHAPTER 2: ASSESSING PROJECT DESIGN AND RELEVANCE

### *2.1. Review of Project Design, Relevance, and Progress*

#### **2.1.1. The Project Design**

The Dedicated Grant Mechanism for Indigenous Peoples and Local Communities in Nepal (DGM-Nepal) is a US\$4.5 million grant project funded by the Strategic Climate Fund's Forest Investment Program (FIP). Implemented by Rural Reconstruction Nepal (RRN), Kathmandu, the project agreement between the World Bank and RRN became effective in November 2022, with a closing date of August 31, 2027. The Project Development Objective (PDO) is to enhance the capacity of forest-dependent Indigenous Peoples and Local Communities (IPLCs) in Nepal to engage in REDD+ processes at local, national, and global levels. As outlined in the Project Appraisal Document (PAD), specific objectives include:

- Strengthening IPLC governance and institutional capacities for meaningful participation in REDD+ processes.
- Improving livelihoods through green jobs and alternative income-generating opportunities.
- Enhancing collaboration among IPLCs, Community-Based Forest Users' Groups, local governments, youth, frontline forest workers, and NGO service providers.
- Complementing other forest programs, such as the Forests for Prosperity Project and the Emissions Reductions Program (ER-P) for the Terai Arc Landscape.

The primary beneficiaries are forest-dependent IPLC individuals, groups, and organizations, with a focus on women, youth, and marginalized groups in 50 municipalities across 10 districts in Madhesh and Lumbini Provinces. IPLCs from other provinces may also benefit from selected capacity-building activities.

The project is structured around three interrelated components:

#### **A. Capacity Building for Sustainable Forest Management (SFM) (US\$1.5 million)**

This component enhances IPLC capacities for REDD+ engagement, sustainable agroforestry, livelihood improvement, and reducing forest pressure through community and individual initiatives. It includes two sub-components:

- **Sub-component 1.1:** Technical assistance for knowledge-sharing on REDD+, SFM, forest productivity, non-timber forest products (NTFPs), and market access, including scholarships for vocational training, particularly for women from marginalized groups.
- **Sub-component 1.2:** Training for IPLCs, National Steering Committee (NSC) members, and government officials on forest policies, governance, and global REDD+ processes through workshops, exchange visits, and capacity needs assessments.

#### **B. Competitive Grants (US\$2.1 million)**

This component provides small-scale competitive grants to marginalized IPLCs with limited capacity to engage in SFM and REDD+ processes. Grants support innovative forest-based livelihoods and green jobs, including sub-projects empowering women. Technical assistance is provided through training and capacity-building workshops to help IPLCs develop sub-project proposals and strengthen technical and project management skills.

### **C. Project Management, Monitoring, and Knowledge (US\$0.9 million)**

This component ensures:

- Effective implementation, monitoring, evaluation, and documentation of lessons learned.
- Compliance with Government of Nepal and World Bank policies.
- Transparent communication with stakeholders and the public.
- Operation of a grievance redress mechanism.

#### ***Results Framework***

Key indicators include:

- 8,500 beneficiaries gaining direct monetary or non-monetary forest benefits.
- 75% of beneficiaries with increased roles in FIP and REDD+ processes at local, national, or global levels.
- 75% of beneficiaries perceiving DGM governance as transparent and inclusive. Intermediate indicators include 40 capacity-building events, 500 beneficiaries trained on tenure rights, and a 90% grievance resolution rate.

DGM-Nepal is supported by comprehensive foundational documents, including the Project Appraisal Document (PAD), Project Operational Manual (POM), Grant Operation Manual (GOM), Stakeholder Engagement Plan (SEP), Environmental and Social Management Framework (ESMF), Labour Management Plan (LMP) and Gender Equality and Social Inclusion (GESI) Action Plan. These documents align with World Bank policies, Nepal's national laws, and the Environmental and Social Framework (ESF), clearly defining roles for stakeholders, including the National Executing Agency (NEA), NSC, World Bank, and IPLCs. The PDO aligns with Nepal's Green, Resilient, and Inclusive Development (GRID) agenda and REDD+ commitments, leveraging the country's successful community-based forest management model.

Forests, covering 45% of Nepal's landmass, are critical for livelihoods and climate goals, yet 70% of poor and marginalized IPLCs living nearby forest areas lack legal recognition of their landholdings. The project's focus on securing IPLC's resource rights addresses this issue and supports the World Bank's Country Partnership Framework (2019–2024), emphasizing inclusion and sustainable resource management.

#### **2.1.2 Relevance to Current Context**

DGM-Nepal is technically robust, drawing on global best practices while aligning with Nepal's climate and development goals. It supports Nepal's REDD+ Strategy, National Forest Policy (2019), and global commitments under the UNFCCC, Paris Agreement, Nationally Determined Contributions (NDCs), and 2045 carbon neutrality goal. By focusing on forest regeneration, REDD+, and livelihood enhancement, the project advances Nepal's GRID vision. The project prioritizes gender equality and social inclusion, targeting women, Dalits, and marginalized IPLC groups in Madhesh and Lumbini Provinces. Stakeholder consultations and project data confirm its relevance, as IPLCs are key custodians of Nepal's forests, playing vital roles in conservation and sustainable management.

#### ***2.2 Key issues with respect to the project design and relevance***

- a. The project design prioritizes forest-dependent indigenous and other communities as the primary beneficiaries of its interventions. However, over 80% of the areas selected for implementation, particularly in Madhesh Province, are neither adjacent to forest areas nor home to directly forest-dependent communities.
- b. Additionally, over 65% of sub-projects in the first call in Madhesh Province and over 20% in Lumbini Province are agriculture-based microenterprises, limiting the interventions' ability to

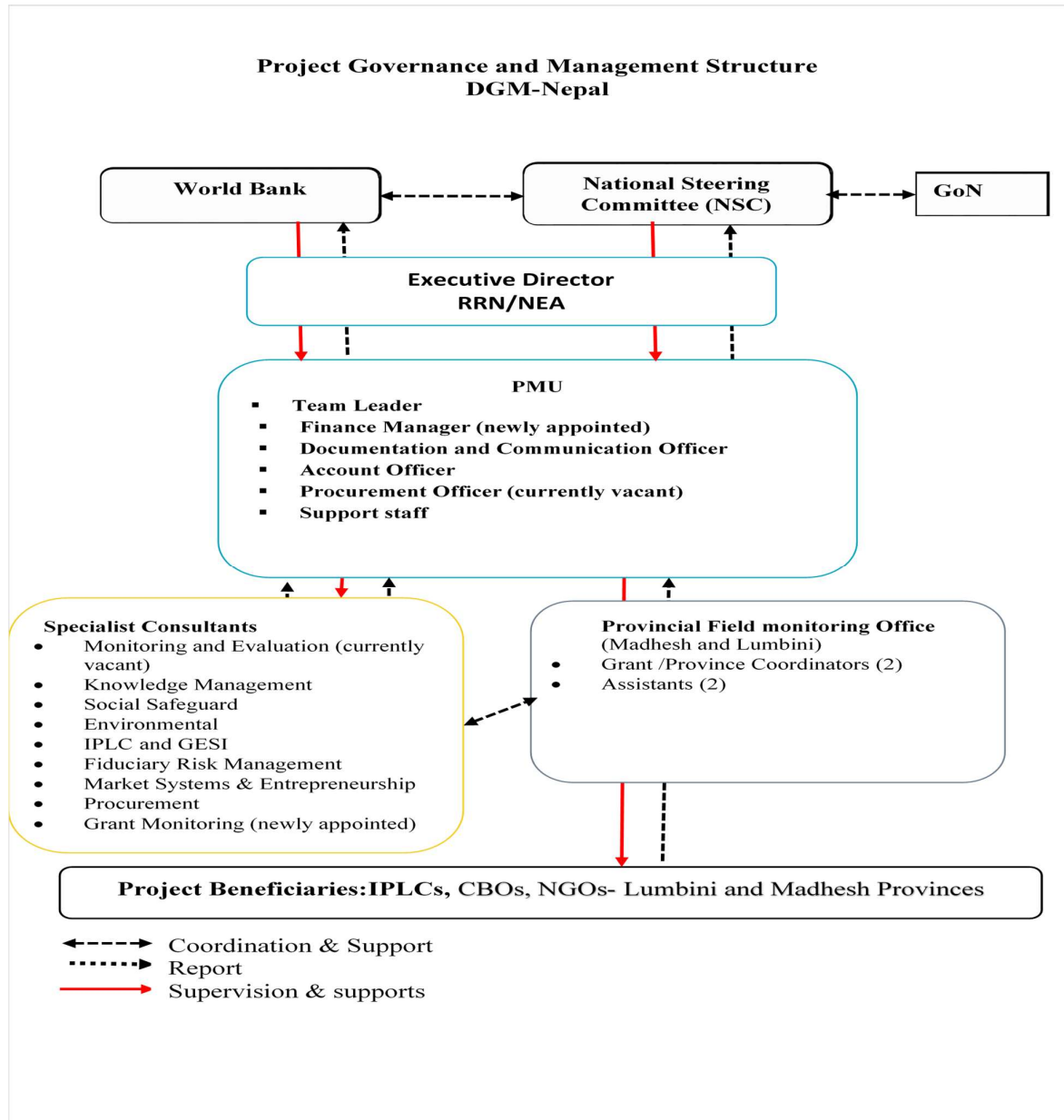
achieve the Project Development Objectives of enhancing capacity of the IPLCs in REDD+ processes.

### ***2.3 Recommendations for Design Adjustments***

- a. In Madhesh Province, over 80% of the 50 selected municipalities lack forests or adjacency to forest areas, resulting in beneficiaries who are not directly forest-dependent. In contrast, most municipalities in Lumbini Province are forest-adjacent, with forest-dependent beneficiaries. To better achieve the PDO, the project should prioritize municipalities with forest-dependent IPLCs in both the Provinces.
- b. To align with the PDO's focus on REDD+ and SFM, future grant calls should prioritize forest-based or agroforestry-based enterprises over purely agricultural ones.

### CHAPTER 3: PROJECT MANAGEMENT AND GOVERNANCE

The DGM Nepal Project’s management and governance structure is designed to be inclusive, transparent, and aligned with the needs of forest-dependent IPLCs. The project management and governance structure involves multiple stakeholders, ensuring participatory and inclusive decision-making, transparency and accountability for effective implementation of the project.



### **3.3 3.1. The Project Governance**

#### **3.1.1 Governance Structure:**

The DGM-Nepal project is governed by key entities, including the National Steering Committee (NSC), National Executing Agency (NEA), World Bank, Government of Nepal, provincial and local governments, and Indigenous Peoples and Local Communities (IPLCs). The NSC provides strategic oversight, while the NEA, through its Project Management Unit (PMU) and provincial offices, ensures efficient implementation. Governance mechanisms, such as the Grievance Redress Mechanism (GRM), stakeholder engagement, and monitoring and evaluation (M&E), promote participation, transparency, and accountability. By integrating environmental and social safeguards, financial discipline, and stakeholder collaboration, the project strengthens IPLCs' capacity for REDD+ engagement, sustainable livelihoods, and forest management.

##### *a. National Steering Committee (NSC)*

The NSC comprises volunteer members representing different Indigenous Peoples' organizations (e.g., NEFIN, FONIJ, NIWF), forest-dependent community organizations (e.g., FECOFUN, AFFON), and civil society groups (e.g., RDN, Ashmita Nepal, Green Foundation Nepal), ensuring diversity. As the primary decision-making body, the NSC provides strategic oversight and policy guidance. Its responsibilities include approving annual work plans, procurement schemes, budgets, and sub-grant criteria under Component 2 and criteria for scholarships award under component 1. The NSC oversees the GRM, handles high-level grievances, and monitors project alignment with the Project Development Objective (PDO) through regular meetings.

##### *b. National Executing Agency (NEA)*

Rural Reconstruction Nepal (RRN), selected competitively by the NSC, serves as the NEA, managing day-to-day project implementation. Operating through a Kathmandu-based PMU and provincial offices in Madhesh and Lumbini Provinces, the NEA ensures compliance with the Project Operational Manual (POM), Grant Operation Manual (GOM), Environmental and Social Management Framework (ESMF), and World Bank guidelines. The NEA manages financial, procurement, and administrative processes, coordinates with stakeholders (NSC, MoFE, World Bank, and local governments), and conducts capacity-building activities under Component 1. For Component 2, the NEA issues Requests for Expression of Interest (REoI), evaluates proposals, selects grantees (with NSC endorsement), and disburses funds. The NEA maintains a project database, prepares progress reports, and hires consultants as needed.

##### *c. World Bank (WB)*

World Bank provides financial and technical support, ensuring transparency, accountability, and compliance with policies, including the ESMF. It approves foundational documents (POM, GOM), procurement plans, and revisions, and conducts periodic implementation support missions to monitor progress and guide the PMU.

##### *d. Government of Nepal (GoN)*

The Ministry of Forests and Environment (MoFE) aligns the project with national policies, such as the National REDD+ Strategy and Forest Act (2019). It facilitates coordination across federal, provincial, and local governments and supports REDD+ and sustainable forest management (SFM) initiatives.

##### *e. Provincial and Local Governments*

Provincial and local governments in project areas support implementation by engaging in capacity-building, policy dialogues on REDD+ and SFM, facilitating access to forest resources,

supporting community-based forest management (CBFM) groups, and participating in stakeholder engagement and grievance redress processes.

*f. Indigenous Peoples and Local Communities (IPLCs)*

IPLCs are both beneficiaries and key stakeholders, with representation in the NSC to influence decision-making. They propose and implement sub-projects under Component 2 through competitive grants and participate in capacity-building under Component 1 to enhance REDD+ and SFM skills.

**3.1.2 Governance Mechanisms**

DGM-Nepal emphasizes transparency, accountability, and inclusivity through the following mechanisms:

*a. Grievance Redress Mechanism (GRM)*

The GRM enables stakeholders to raise concerns about project activities, including grant allocation, implementation, and environmental or social impacts. Complaints can be submitted via multiple channels (e.g., in-person, email, hotline). The NEA, with NSC oversight, resolves grievances within a specified timeframe, with resolution rates tracked as an intermediate results indicator.

*b. Good Governance and Accountability Action Plan*

The project adheres to anti-corruption policies, with oversight by the NEA and World Bank. Publicly disclosed documents (POM, GOM, and progress reports) are available on the project website. Stakeholders receive regular updates, and IPLCs monitor sub-projects and provide feedback. Non-compliance may lead to suspension or termination of sub-grant agreements.

*c. Stakeholder Engagement*

The Stakeholder Engagement Plan (SEP) ensures continuous interaction with IPLCs, local governments, and other stakeholders through consultations, workshops, capacity-building events, and knowledge-sharing platforms.

*d. Monitoring, Evaluation, and Communication*

The M&E and Knowledge Management process tracks progress against the Results Framework. Sub-project monitoring ensures grantees meet objectives, with regular reports submitted to the NEA and NSC. Financial audits and quarterly interim reports ensure accountability. The NEA maintains a project website, newsletters, and media campaigns to disseminate updates, case studies, and training manuals.

*e. Financial and Procurement Management*

The Finance Manager and Account Officer oversee budgeting, disbursements, and financial reporting. A designated account with clear signatory protocols manages project funds. Annual work plans, budgets, and procurement decisions are approved by the NSC and World Bank. Procurement complies with World Bank guidelines, tracked via the STEP system, with regular updates to procurement plans.

*f. Environmental and Social Risk Management*

Sub-projects are screened for environmental and social risks, with mitigation plans developed as needed. Prohibited activities (e.g., deforestation, land acquisition, harmful chemical use) minimize risks. Grantees and stakeholders receive regular training on World Bank

Environmental and Social Standards (ESSs), with compliance monitored by Environmental and Social Specialists.

### **3.1.3 Effectiveness of Governance Structures and Mechanisms**

The project's foundational documents clearly define roles and responsibilities, with IPLCs central to design and implementation through NSC representation and sub-project involvement. The project prioritizes marginalized groups, tracking gender and indigenous participation, and ensures accountability through public disclosure, regular reporting, and stakeholder surveys.

However, challenges persist. The NSC's diverse membership, representing varied interests, complicates consensus-building. Mutual grievances between the NEA and NSC, including distrust over roles and responsibilities, hinder effective governance. NSC members report limited, symbolic roles, while the NEA cites delays in NSC decisions. The resignation of two NSC members (from NIWF and NIDA) in 2025, citing passive participation, underscores these tensions. Grantees in Madhesh Province report unaddressed procurement concerns, indicating an ineffective GRM.

## **3.2 Project Management**

### **3.2.1 Project Management Structure**

The project operates through a well-defined structure, with clear roles for staff at various levels. The Kathmandu-based PMU, supported by provincial field offices, ensures effective coordination and implementation.

#### *a. Project Management Unit (PMU) - Kathmandu*

Led by a Team Leader, the PMU oversees project execution, stakeholder coordination, and progress reporting to the NSC, World Bank, and DGM Global. The Team Leader supports the project team and ensures alignment with project objectives. Specialized staff include a Project Finance Manager, Documentation and Communication Officer, Procurement Officer and Account Officer. Technical consultants cover areas such as Climate Change, REDD+, SFM, environmental and social safeguards, market systems, IPLC/GESI affairs, financial management, and procurement. Key positions, including Monitoring and Evaluation Specialist and Procurement Officer, are currently vacant.

#### *b. Field Offices*

Each provincial field office (Madhesh and Lumbini) has a Field Coordinator and a Field Officer. These offices serve as primary contact points for beneficiaries, coordinating grant implementation, capacity-building, and sub-project monitoring. They provide technical support to grantees, engage with local stakeholders, and report to the PMU, ensuring project visibility.

### **3.2.2 Effectiveness of Management Structure**

The PMU operates effectively with competent staff, but the vacant Monitoring and Evaluation, Specialist and Procurement officer position hampers adequate monitoring of sub-projects implementation. The Provincial offices, with only two staff each, are under-resourced given the scattered project locations and numerous sub-projects requiring frequent monitoring and technical support. Grantees in both provinces appreciate provincial office support but report delays due to limited staff capacity. Provincial staff express concerns about their workload, which will intensify with additional sub-projects in future grant calls.

### **3.3 Key Issues with Respect to Project Governance and Management**

#### **3.3.1 Project Governance Issues**

##### *a. Consensus-Building Challenges in NSC:*

The National Steering Committee (NSC) comprises diverse members from various Indigenous Peoples' organizations, forest-dependent community groups, and civil society organizations, fostering collaboration for the benefit of forest-dependent communities. While this diversity in project governance structure is a strength, it poses challenges in achieving consensus due to conflicting interests, complicating decision-making processes.

##### *b. Mutual Grievances between NSC and NEA:*

Disputes over roles and responsibilities have fostered tensions and distrust between the National Steering Committee (NSC) and the National Executing Agency (NEA). NSC members feel their roles are largely symbolic rather than substantive, leading to dissatisfaction, while the NEA cites delays in NSC decision-making as a concern. The dispute is underscored by the resignation of two NSC members (from NIWF and NIDA) in 2025, citing limited active participation.

#### **3.3.2 Project Management Issues**

##### **a. Vacant Key Positions at PMU:**

The PMU is grappling with critical staffing gaps- M&E Specialist and Procurement Officer- that jeopardize the effective implementation of project initiatives and ability to track progress, assess impacts, and ensure sub-project accountability.

##### ***Monitoring and Evaluation (M&E) Specialist:***

Absence of this role likely weakens the PMU's ability to track progress, assess impact, and ensure accountability in sub-project implementation.

##### ***Procurement Officer:***

Lack of this position has delayed acquisition of necessary resources, disrupted project timelines, and risked non-compliance with procurement regulations.

##### ***No Specialist for REDD+ and SFM:***

Without a dedicated specialist, the PMU lacks expertise to effectively oversee and manage REDD+ and SFM processes, potentially leading to poor monitoring, misaligned activities, and reduced project effectiveness.

##### **b. Under-Resourced Provincial Offices**

Provincial offices in Madhesh and Lumbini, with only two staffs each, are under-resourced, leading to delays in supporting grantees and managing sub-projects across scattered locations. Provincial staffs reported excessive workloads, which are expected to intensify with additional sub-projects in future grant calls, further straining capacity.

##### **c. Ineffective Response to Grantee's Concerns**

Grantees in both Provinces reported unaddressed procurement and other concerns, indicating that the response mechanism at PMU is not functioning effectively to resolve stakeholder complaints.

The issues as identified above, underline significant challenges in ensuring effective governance and management of DGM-Nepal Project, hindering ability to achieve its objectives efficiently. To address these, we recommend the following measures for immediate attention

### ***3.4 Recommendations for Improving Project Governance and Management***

#### ***a. Harmonizing NSC Interests***

Regular and structured engagement between the PMU and NSC, supported by transparent, culturally sensitive communication and inclusive decision-making, can align diverse IPLC interests. Addressing resource limitations and power imbalances would foster consensus and strengthen relationships. This would help overcome issues of distrust and tensions between the NSC and NEA.

#### ***b. Fill Vacant Positions urgently :***

*M& E Specialist:* Recruit qualified M & E professional with experience in designing and implementing M&E frameworks in environmental or forestry projects, developing key performance indicators (KPIs), data collection systems, and regular reporting mechanisms to ensure sub-projects align with objectives.

*Procurement Officer:* Hire an expert PO familiar with procurement policies, ideally with experience in World Bank-funded projects so as to ensure timely, transparent, and compliant procurement processes.

*REDD+ and SFM Specialist:* Create and fill a dedicated position for a REDD+ and SFM specialist specialized in forest carbon accounting, community-based forest management, and REDD+ frameworks to guide sub-project implementation, ensure compliance with international standards (e.g., UNFCCC), and enhance monitoring of forest-related outcomes.

#### ***c. Respond Timely to Grantee's Concerns***

Institutionalize a standard practice for the NEA to respond to grantee concerns within certain days (for example within 3 days), addressing delays and improving trust and efficiency.

#### ***d. Strengthening Provincial Offices***

Increase staffing and responsibilities in provincial offices to handle growing sub-project demands. Empower provincial staff to verify grant applicant suitability and proactively identify marginalized IPLCs for grant opportunities. Provide regular training and mentorship to enhance grantee participation and project sustainability.

## CHAPTER 4: PROJECT IMPLEMENTATION AND PERFORMANCE

In this chapter we will review the component-wise performance of the project, compliance with guidelines, project outputs and preliminary outcomes and make recommendations for future course of action with respect to the project implementation.

### *4.1 Review of the Component-wise Performance*

#### **4.1.1 Component 1: Capacity building for IPLCs on SFM**

Under this category there are four different types of activities and expenditure heads:

- Organizing knowledge-sharing activities, led by IPLCs' representatives and/or experts on topics such as REDD+, and SFM.
- Organizing events with beneficiaries with local and provincial governments and the private sector.
- Scholarships to individuals and
- Technical Assistance for capacity building of the IPLCs.

Out of those four areas of action and expenditure, organizing events with beneficiaries at local and provincial government and private sector and scholarship programs are yet to be implemented. There is zero expenditure on those two budget heads as of April 2025. However, The NEA has already announced a call for scholarships, receiving a total of 177 applications from all seven provinces of Nepal. The NEA is currently evaluating the applications, and the final list of awardees is due to be announced soon.

The NEA recently organized two national conferences. The National Media Literacy and Policy Advocacy Conference, was held in Lumbini on April 12, 2025. It brought together 227 participants, including journalists, media professionals, policymakers, civil society actors, and subject matter experts from Lumbini Province. Of the participants, 28% were female, 72% were male, and 98% were from Indigenous Peoples (IPs). Discussions focused on the role of Indigenous communication in climate justice, Reducing Emissions from Deforestation and Forest Degradation (REDD+), and sustainable development, as well as policy advocacy, investigative journalism, and ethical reporting in Indigenous contexts. Participants interviewed during this review reported that it inspired them to engage in media advocacy for climate justice and Indigenous rights.

National Conference on Indigenous Youth Rights and Climate Action, took place in Okhaldhunga on April 19, 2025. It attracted 186 participants, including emerging youth leaders from Indigenous communities (38% female, 62% male), government representatives, media professionals, experts, and development partners. The conference highlighted the importance of Indigenous youth leadership in climate justice and sustainable development. At its conclusion, the “Indigenous Youth and Climate Justice Declaration” was released, based on recommendations from youth representatives across all seven provinces.

Additionally, the NEA organized the National Climate Assembly for the 29th United Nations Climate Change Conference (CoP29), which convened over 200 participants from civil society, government agencies, and international organizations. The assembly focused on integrating climate justice into national and international climate strategies. At CoP29 in Baku, Azerbaijan, in November 2024, the NEA, in collaboration with national and international partners, hosted a well-attended side event titled "Fund for Responding to Loss and Damage (FRLD): Opportunities

and Challenges for Indigenous Peoples and Local Communities (IPLCs) in the Global South." Mr. Gelje Lama and Mr. Thakur Bhandari, Co-Chairs of the National Steering Committee, joined other stakeholders in discussions emphasizing grassroots participation and the inclusion of local knowledge in climate finance mechanisms.

Earlier, NEA successfully organized an exposure and learning exchange visit to Brazil as a South to South Knowledge Exchange (SSKE) program during 17- 21 June 2024, involving 19 member delegates (15 NSC members, 2 from PMU and 2 from World Bank Nepal office) from Nepal. Similarly, representatives of NEA and NSC participated in the CoP28 held in the United Arab Emirates (UAE), and also attended the Climate Investment Funds (CIF) Knowledge Exchange program held in Cambodia.

The technical assistance to IPLCs as part of capacity building is regularly provided by the NEA through competent consultant experts in various issues including environment and social safeguards, gender equality and social inclusion, climate change, market systems and entrepreneurship development.

### ***Key Issues Observed***

The project is lagging in progress in this component as two out of four subcomponents were found to have no activities and expenses so far. Capacity enhancement of the local communities in SFM through knowledge sharing events at local level stakeholders, is one of the key outcome indicators of the project. However, no any substantial activities are conducted until midway of the project duration in this regard. This may impact on project outcomes of increased roles of beneficiaries in REDD+ processes particularly at local level. Similarly, another crucial aspect of capacity enhancement is the provision of scholarships for members of the marginalized groups within indigenous and local communities. This program is also yet to get fully implemented.

### ***Recommendation***

The Project Management Unit (PMU) should promptly plan and conduct sensitization and capacity-building events on REDD+ and Sustainable Forest Management (SFM) at the local level, actively involving Indigenous Peoples and Local Communities (IPLCs), local and provincial governments, and private sector stakeholders. Additionally, the scholarship awarding process should be initiated as early as possible to ensure timely implementation.

#### **4.1.2 Component 2: Competitive Grants**

Under this component, the project aims at supporting total 200 subprojects in two provinces, during the project implementation period with grant size ranging from US \$ 5000 to 45000 depending upon the needs and capacity of the prospective grantees.

The National Executing Agency (NEA) completed the selection of 50 sub-grantees (25 each in Madhesh and Lumbini provinces) under the first Call for Proposals, focusing on social inclusion, environmental sustainability, and enterprises based on agricultural and Non-Timber Forest Products (NTFPs) as of April 2025. A total of 280 applications were received. Contracts were finalized, and the first budget installment was disbursed to 48 grantees in July 2024, as two awardees in Madhesh Province withdrew their subprojects. Nearly, NRs. 57 million grant is committed to 48 subprojects for 18-24 months duration, while nearly NRs 14.5 million is disbursed so far, as first installment.

Following the grant agreements, a seven-day-long “Business Plan and Entrepreneurship Development Training” was conducted for the 50 grantees, covering business planning, market analysis, financial management, and Gender Equality, Disability, and Social Inclusion (GEDSI).

The grantees interviewed during this review reported about the training as a valuable learning opportunity.

The NEA issued a second Call for Proposals to select 50 additional sub-grantees, receiving 429 Expressions of Interest (EoIs)- 310 from Madhesh and 113 from Lumbini Province- as of April 2025. This represents a significant increase (approximately 53%) compared to the first Call, indicating improved project outreach. Moreover, the NEA simplified application forms, allowed submissions in Nepali, and incorporated GEDSI criteria, encouraging greater participation from marginalized groups, including women, persons with disabilities, and ethnic minorities.

### ***Key Issues observed***

#### **a. Delayed procurement decisions**

Subproject progress under First Call is lagging, with nearly half the project duration elapsed and none of the grantees able to request the second budget installment. Several grantees have yet to initiate any planned activities for their sub-projects. Grantees identified delayed procurement decisions as a critical barrier for sub-project implementation.

The NEA operates a centralized procurement system (while intended to enhance fiduciary oversight and ensure quality compliance), requiring even locally available materials- such as fruit saplings, small machinery, and construction materials- to be sourced through a central vendor, causing significant delays. In Madhesh Province, grantees reported receiving poor-quality fruit and Moringa saplings from the central vendor.

In contrast, grantees in Lumbini Province have recently been permitted to procure locally available materials independently. However, some grantees in Madhesh Province are still awaiting either deliveries from the central vendor or permission from the Project Management Unit (PMU) to procure materials locally. Fruit saplings and machinery for leaf plate production unit were recently delivered to grantees in Siraha, Dhanusha, and Parsa districts by the vendor. However, critical items -such as construction materials for a high-tech nursery in Dhanusha, sewing machines for Yashoda Bag Udyog, and machinery for Herbal Soap Udyog in Parsa- remain undelivered nine months after the grant agreement, slowing subproject progress. Besides, this following are some of the observations with respect to component 2

#### **b. Management Costs in Subproject Budgets**

All grantees, except private entrepreneurs, expressed concerns about the absence of management cost provisions in subproject budgets. NGOs, Civil Society Organizations, and Cooperatives in both Lumbini and Madhesh Provinces reported difficulties in smoothly implementing project activities due to the lack of funding for project management.

The subprojects include budget provisions for raw materials, labor, and land lease costs. Support for raw materials is justified for newly established enterprises run by marginalized groups, such as poor women, ethnic minorities, or persons with disabilities, to help them establish operations. However, the need for additional funding for raw materials in well-established private enterprises, such as Yashoda Bag Udyog, a bag-making enterprise in Parsa, or Chinari Mahila- another bag making enterprise in Dang, is less clear. Funding would be better allocated to capital investments, such as expanding production capacity, to enhance scalability and long-term sustainability, rather than supporting operational costs for established businesses.

#### **c. Subproject Alignment and Focus**

Subprojects in Lumbini Province closely align with project guidelines, primarily focusing on non-timber forest product (NTFP)-based enterprises and the grantees are also the forest-

dependent communities. These Sub-projects also complement the ongoing Forest for Prosperity Project. In Madhesh Province, where over 80% of project areas are distant from forests, subprojects predominantly involve agriculture-based enterprises, such as vegetable, banana, lemon, and Moringa farming, as well as fruit gardening. Only a few subprojects, such as leaf plate and herbal soap production in Parsa district, are forest-based.

d. Grantee Composition and Beneficiary Alignment

The grantees in the first call are mostly either NGOs, district chapters of Indigenous Peoples' Organizations, Community Forest User Groups, or elite individuals/private firms. However, project documents emphasize targeting poor and marginalized Indigenous Peoples and Local Communities (IPLCs), specifically youths, women, and Dalits. It is unclear how subprojects like fruit gardening or vegetable farming, led by landed elites, benefit these intended beneficiaries. Community-based initiatives, such as group gardening on public or riverbank fallow lands involving landless Dalits or women from poor households, would better align with the project's development objectives than funding individual agro-based enterprises of the resourceful persons.

***Recommendations for Future Calls***

- i. To address past inefficiencies in resource allocation, the NEA should exercise greater care in selecting grantees and designing and budgeting subprojects for future calls, ensuring alignment with goals of social inclusion, environmental sustainability, and equitable benefits for marginalized communities.
- ii. Provincial staff should be authorized to conduct field verification to assess the eligibility of subprojects and grant recipients in their respective provinces, in accordance with the project's established criteria and requirements.
- iii. For private entities, a matching grant component, such as a 50% cost-share, should be required to promote project sustainability. Costs such as rental for leased land, labor, and raw materials should be covered by the grantee's matching contribution, while the NEA should prioritize funding for capital investments to support long-term growth.
- iv. The NEA should focus on creating public goods through subprojects, particularly for Indigenous Peoples and Local Communities (IPLCs). For example, support for a private firm owned by an established IPLC member is justified if it generates verifiable employment or income opportunities for marginalized IPLC members in the project area. This approach ensures that subprojects deliver broader economic and social benefits while fostering inclusion.

**4.1.3 Component 3: Project Management, Monitoring and Knowledge**

The PMU is supported by operational documents, including the Project Operational Manual (POM), and a qualified team, with strategic guidance provided by the National Steering Committee (NSC) for effective management of the Project. The NEA convenes NSC meetings as required to make strategic decisions related to project management. The PMU recently conducted a rapid assessment to identify the needs and challenges faced by marginalized Indigenous Peoples and Local Communities (IPLCs) in project areas, promoting applications for small grants to address these issues. Additionally, the PMU completed a beneficiary survey and revised the Grants Operations Manual based on insights from the initial competitive grants selection process.

***Observations and Key Issues***

Overall observations and key issues identified under this component are briefly discussed hereunder:

#### *a. Project Monitoring and Knowledge Management*

The Project Management Unit (PMU) is responsible for overseeing the project's monitoring, evaluation, and documentation of lessons learned. The project maintains an operational webpage ([www.dgmnepal.org](http://www.dgmnepal.org)), which provides relevant information, including project documents, updates, blogs, and contact details, serving as a valuable resource for stakeholders.

However, the absence of a comprehensive monitoring and evaluation (M&E) framework and a knowledge management plan, exacerbated by the vacant Monitoring and Evaluation, Specialist position at PMU, has limited regular monitoring and support for grantees. This gap requires urgent attention to ensure effective project delivery.

While the PMU reports having a standard Management Information System (MIS) for database and grantee information management, the system is yet to be fully operational. To address this, a robust M&E plan with a clear methodology for tracking progress, reporting results indicators, and integrating with the MIS and results framework must be prioritized. With the first round of competitive grant sub-projects nearing to end and the second round underway, operationalizing the Management Information System (MIS) is essential for accurately tracking progress and reporting outcomes.

#### *b. Communication*

The Project has established effective communication and outreach channels to engage its target audience. Interactions with grant recipients revealed that many learned about the Project through its Facebook page. Additionally, the Project adopted an innovative approach by collaborating with local religious leaders to disseminate information about the second call for competitive grants to marginalized Muslim communities.

Leveraging religious events, fairs, and local leaders as well as popular social media to share information about grants and scholarships is a highly effective strategy for reaching underserved groups. DGM-Nepal should continue these best practices.

Furthermore, NEA should enhance visibility by regularly updating the Project's website and distributing periodic newsletters to share news and updates on events and activities.

#### *c. Financial Progress*

As of April 2025, the project's cumulative financial progress reflects an overall expenditure of 18%. Component-wise expenditure is 22% for Component 1, 6% for Component 2 (competitive grants disbursement), and 41% for Component 3. The expenditure rate for Component 2 is notably lower than other components, indicating slower-than-anticipated progress in grant disbursement. As of the project's midpoint, the overall expenditure, at approximately 18%, is below the expected rate. This necessitates targeted actions to accelerate project activities and increase expenditure to achieve the project's intended objectives.

#### *d. Grievance Redress Mechanism (GRM)*

The Project maintains an active Grievance Redress Mechanism (GRM) with standardized procedures, through which the Project Management Unit (PMU) has successfully resolved 40 received grievances related to project operations so far, achieving the set target with 100% resolution. However, concerns have been raised by two recently resigned National Steering Committee (NSC) members, who highlighted critical issues regarding the project's overall

governance and management during NSC meetings and a subsequent press conference. These concerns, which may not fall under the standard GRM procedures, were reportedly unaddressed, casting doubt on the GRM's effectiveness in handling broader governance-related issues.

*e. Environmental and Social Risk Management (ESRM)*

The Project has standard Environment and Social Management Framework (ESMF) and dedicated specialists to ensure effective management of environmental and social risks associated with project activities. The Social and Environmental Experts at the Project Management Unit (PMU) reported that they have continuous collaboration with grantees to improve and ensure that risk management measures integrated into sub-project designs are fully implemented. Although the sub-projects are in the early stages of implementation, visits during this review mission identified several areas for improvement. For instance, a banana farmer was observed discarding plastic chemical containers in the field (Atal Krishi Sahakari Sanstha, Parsa). At another site, exposed electrical wires without proper insulation were observed at a leaf plate-making machine installation in Parsa district (Janaki Duna Tapari Udhyog, Parsa). Additionally, the operator was working without personal protective equipment. When asked about safety measures, the grantees displayed a lack of awareness, highlighting the need for enhanced monitoring and support from the NEA to strengthen environmental and social risk management for the sub-projects.

***Recommendations for Management Improvement***

- a. Plan concretely to accelerate project activities and increase expenditure to achieve the project's intended objectives within the project time frame i.e. by the end of August 2027.
- b. Ensure M&E Specialist on board at PMU, as soon as possible.
- c. Develop and implement a robust M&E plan with a clear methodology for tracking progress, and reporting results indicators, integrating with the MIS and results framework.
- d. Prioritize for an enhanced monitoring and support from the NEA to strengthen environmental and social risk management for the sub-projects.
- .e. Continue leveraging religious events, fairs, and local leaders as well as popular social media for reaching underserved groups to share information about project activities including the grant information.
- f. Enhance project's visibility by regularly updating the website and distributing periodic newsletters to share news and updates on events and activities.
- g. Enhance GRM's effectiveness in handling broader governance-related issues.

## 4.2 Outputs and Preliminary Outcomes of the Project

Based on progress reports of the PMU, following section outlines the DGM-Nepal project's performance against its Project Development Objective (PDO) Indicators and Immediate Results Indicators as of April 2025, and our observation on performance of the Project.

<b>Indicators</b>	<b>End Targets and Achievements as of April 2025</b>
<b>PDO Indicator 1:</b> Project beneficiaries with increased role in the FIP and other REDD+ processes at local, national, or global levels	<b>End Target:</b> 75% <b>Achievements:</b> 82% (37% female, 82% IPs)
Sub-Indicator 1.1: Survey with the participants of Business plan and entrepreneurship development training	<b>Achievements:</b> 84% (40% female, 70% IPs)
Sub Indicator 1.2: Global Exchange Visit to Brazil (NSC and NEA)	<b>Achievement :</b> 100% (35% female, 59% IPs)
<b>Observation &amp; key issues:</b> These figures clearly show that the project has significantly exceeded its end target of 75%, achieving 82% of beneficiaries with increased roles in REDD+ and Forest Investment Program (FIP) processes. This success is driven by activities like the business plan training (84% achievement) and the global exchange visit to Brazil (100% achievement), which engaged National Steering Committee (NSC) members and the National Executing Agency (NEA). The gender and indigenous disaggregation shows strong participation of IPs (82%), while women participation needs improvement women (37%). The business plan training reached a diverse group, with a notable focus on IPs (70%), while the Brazil visit included a balanced mix of IPs (59%) and non-IPs (41%) This indicates effective capacity-building efforts at national and global levels, particularly through high-profile events. However, the focus on national/global engagement (e.g., conferences, international visits) may overshadow local-level REDD+ participation, which is critical for grassroots impact and requires further attention.	
<b>PDO Indicator 2:</b> People in targeted forest and adjacent communities with increased monetary or non-monetary benefits from forests (Number)	<b>End Target:</b> 8500 <b>Achievements:</b> 1821 (399 male, 176 female, 213 IPs, 362 non-IPs)
Sub-Indicator 2.1: Local level orientation (5 in Lumbini, 4 in Madhesh)	<b>Achievements:</b> 525 (368 male, 157 female, 189 IPs, 336 non-IPs)
Sub Indicator 2.2: Business plan and entrepreneurship development training	<b>Achievement :</b> 2,364 (no gender/IP disaggregation provided)
<b>Observation &amp; key issues:</b> The project has reached 1821 beneficiaries against the end target of 8,500, representing 21.42% of the goal at the middle of the project duration. This shortfall is primarily due to delays in sub-project implementation under Component 2, where only 48 sub-projects have been funded, and none has progressed to the second budget installment. Local-level orientations have reached 525 beneficiaries, with a reasonable gender balance (33% female) but a higher proportion of non-IPs (64%) compared to IPs (36%), suggesting that forest-dependent IPLCs may not be the primary beneficiaries in these activities.	
The business plan training has reached a substantial 2,364 individuals, indicating strong outreach in capacity-building for entrepreneurship. However, lack of disaggregated data limits understanding of its inclusivity. Additionally, <i>the indicator should clearly disaggregate beneficiaries by monetary and non-monetary benefits.</i>	

<b>Indicators</b>	<b>End Targets and Achievements as of April 2025</b>
<b>PDO Indicator 3:</b> Project beneficiaries perceive DGM governance and processes as transparent and inclusive (%)	<b>End Target:</b> 75% <b>Achievements:</b> 70%
Sub-Indicator 3.1: Beneficiaries Survey with grantees	<b>Achievements:</b> 70% (30% female, 60% IPs)
<b>Observation &amp; Key issues:</b> The survey with grantees indicates that 70% of beneficiaries perceive governance as transparent and inclusive, slightly below the 75% end target. The lower female participation (30%) suggests that women may feel less included in governance processes, while IPs (60%) are better represented. While the project is close to its governance transparency target, the lower perception among women and the lack of comprehensive data indicate gaps in inclusive decision-making and monitoring.	
<b>Immediate Result (IR) Indicators:</b> These are the indicators for tracking intermediate outputs that contribute to the PDO.	
<b>IR Indicator 1:</b> Targeted REDD+/SFM-related capacity development events based on needs assessment	<b>End Target:</b> 40 <b>Achievements:</b> 05 (Proposal writing-1, Business plan development-1, NSC Annual meeting-1, Youth Conference-1, Media Advocacy conference-1)
<b>Observations &amp; key issues:</b> Only 5 out of the targeted 40 capacity-building events have been conducted, representing a 8% achievement rate. The low number of events reflects delays in Component 1 activities, particularly at the local level, where no knowledge-sharing events with local governments or private sectors have been held. This significant gap risks undermining the project's goal of enhancing IPLC capacity for REDD+ engagement, especially at the grassroots level. Immediate action is needed to organize local-level events to meet this target.	
<b>IR Indicator 2:</b> Consultations with 3-tier governments on REDD+/forest-related topics	<b>End Target:</b> 25 <b>Achievements:</b> 7 (Provincial Project launching-2, orientation-1, Provincial consultations CoP29- 2, National climate assembly for CoP 29-1, TNA for Scholarship program-1)
<b>Observations &amp; key issues:</b> The project completed 7 out of 25 planned consultations (28% achievement), engaging federal, provincial, and local governments on REDD+ and forest-related topics. These include provincial launches, a local orientation, and COP29-related consultations. While progress is notable, the project is still behind schedule in fostering government collaboration. Increasing consultations, especially at the local level, will strengthen policy alignment and support for IPLC-led initiatives.	
<b>IR Indicator 3:</b> Sub-projects successfully completed and achieved their objectives (consistent with FIP objectives)	<b>End Target:</b> 75 <b>Achievements:</b> 0
<b>Observation &amp; key issues:</b> No sub-projects have been completed as of April 2025, despite 48 sub-projects being funded under the first Call for Proposals. This zero achievement underscores the critical need to enhance sub-project monitoring to ensure timely completion and alignment with FIP objectives.	

<b>Indicators</b>	<b>End Targets and Achievements as of April 2025</b>
<b>IR Indicator 4:</b> Grievances registered related to delivery of project benefits that are actually addressed (%)	<b>End Target:</b> 90% <b>Achievements:</b> 100%
<i><b>Observations &amp; key issues:</b></i> The project has achieved 100% resolution of the 40 grievances received, surpassing the 90% target. This reflects an effective GRM for operational issues, such as grant allocation or implementation concerns. However, broader governance-related grievances (e.g., NSC member concerns) remain unaddressed, suggesting limitations in the GRM's scope. The strong performance in resolving operational grievances is a positive outcome, but expanding the GRM to handle governance issues is necessary to maintain stakeholder trust.	
<b>IR Indicator 5:</b> Knowledge products disseminated (Number)	<b>End Target:</b> 25 <b>Achievements:</b> 12
<i><b>Observations &amp; key issues:</b></i> The project has disseminated 12 out of 25 targeted knowledge products (48% achievement), including brochures, radio jingles, videos, and training manuals. These products enhance project visibility and support outreach, particularly through bilingual materials (English and Nepali). The variety of formats (print, audio, video) indicates a strategic approach to reaching diverse audiences. Progress is satisfactory, still continued production and dissemination of knowledge products, especially in local languages, will further strengthen stakeholder engagement and project awareness.	
<b>IR Indicator 6:</b> Satisfaction of beneficiaries (% level of commitment disaggregated by gender and age)	<b>End Target:</b> 75%
<b>Sub-Indicator: 6.1:</b> Beneficiary Satisfaction Survey (telephone, 12 stakeholders per province)	<b>Achievements:</b> 58% (80% male, 20% female)
<i><b>Observation &amp; key issues:</b></i> The beneficiary satisfaction survey reports 58% satisfaction, well below the 75% target, with a significant gender gap (80% male, 20% female). The low female satisfaction suggests that women may face barriers in accessing project benefits or participating fully. The absence of aggregate data and age disaggregation indicates incomplete monitoring. Low satisfaction, particularly among women, highlights the need for targeted interventions to enhance inclusivity and address barriers. Improved M&E is critical to track satisfaction comprehensively.	

Thus, the Results Framework of the project showed a mixed performance as of April 2025. While the project has surpassed targets for REDD+ engagement and grievance resolution, it lags in delivering forest-based benefits, completing sub-projects, and conducting local-level capacity-building. Procurement delays and M&E gaps are key challenges. By addressing these issues through decentralized procurement, enhanced M&E, and a focus on forest-dependent IPLCs, the project can align more closely with its PDO and deliver sustainable outcomes for marginalized communities by August 2027.

## ***Recommendations***

Urgent Action on Component 2: Decentralizing procurement, prioritizing forest-based sub-projects, and targeting marginalized IPLCs are critical to increase forest benefits and sub-project completions.

Enhance Local Engagement: Accelerating local-level capacity-building events and consultations will strengthen IPLC roles in REDD+ at the grassroots level.

Improve M&E: Recruiting an M&E specialist and operationalizing the MIS are essential to track progress, report outcomes, and address data gaps.

Boost Inclusivity: Addressing low female satisfaction and ensuring sub-projects benefit women, youth, and Dalits will enhance social inclusion.

Financial Acceleration: With only 18% expenditure, targeted actions are needed to increase spending, particularly in Component 2, to meet project timelines.

### ***4.3 Project Risks and Mitigation Measures***

As per the interaction with different stakeholders of the project as well as review of the project progress reports and other documents, key risks associated with this project to achieve the target objectives include limited IPLC capacity for REDD+ engagement, administrative burdens in grant management, procurement delays, and governance tensions. In Madhesh Province, the selection of non-forest-adjacent municipalities and agriculture-focused sub-projects risks misalignment with PDO objectives. Environmental and social risks, such as improper waste disposal and lack of safety measures, require stronger oversight. Mitigation measures, including capacity building and technical support, are in place but need enhancement.

To mitigate those risks the Project should expedite Component 1 training to build IPLC skills in REDD+ processes, grant management, and compliance with World Bank policies, reducing administrative burdens. Implementation of decentralized procurement and a quick response mechanism on part of PMU for grantees' procurement and other concerns would improve efficiency and trust. NSC-NEA tensions should be proactively resolved through transparent communication and inclusive decision-making to maintain stakeholder confidence.

Additionally, enhance monitoring by Environmental and Social Specialists to ensure compliance with ESMF, addressing risks like chemical waste and unsafe equipment use through regular training, sensitization, and technical backstopping would help mitigate the project risks.

### ***4.4 Recommendations for Overall Improvement in Project Implementation***

#### ***a. Strengthen Staffing and Capacity at PMU and Provincial Offices:***

- Fill the vacant Monitoring, Evaluation Specialist and Procurement Officer Positions at the Project Management Unit (PMU) to improve monitoring, data reporting, and procurement efficiency. These roles are critical for operationalizing the Management Information System (MIS) and addressing M&E gaps. Provision REDD+ and SFM specialist at the PMU.
- Augment staffing in provincial offices to manage the growing number of sub-projects (48 currently, with 150 more planned). Additional staff will support frequent monitoring, technical assistance, and grantee engagement, addressing the current workload strain on the two-person teams.
- Provide ongoing training for PMU and provincial staff on REDD+, SFM, environmental and social safeguards, and grant management to enhance their capacity to support grantees and align activities with project objectives.

- b. Enhance Monitoring and Evaluation (M&E) Systems:
  - Establish a comprehensive M&E plan with clear methodologies for tracking progress, reporting results indicators, and integrating with the MIS. This will address incomplete data collection (e.g., missing aggregate data for PDO Indicator 3 and IR Indicator 6) and ensure accurate outcome reporting.
  - Fully activate the Management Information System to streamline grantee data management, track sub-project progress, and provide real-time insights for decision-making, particularly for Component 2 sub-projects.
  - Implement periodic, disaggregated (by gender, age, and IP status) beneficiary satisfaction surveys to monitor inclusivity and address low satisfaction rates, especially among women (20% satisfaction vs. 75% target).
- c. Streamline Procurement Processes:
  - Empower provincial offices to manage local procurement for materials (e.g., saplings, machinery) to reduce delays and ensure quality, as centralized procurement has caused some setbacks in Madhesh Province (e.g., poor-quality saplings, undelivered equipment).
  - Establish a standard protocol for the NEA to respond to grantee procurement concerns within three days, improving efficiency and trust, as delays have stalled sub-project progress (e.g., nine-month delays for critical items).
  - Regularly evaluate central vendors to ensure high-quality supplies and explore local vendor partnerships to enhance procurement reliability and timeliness.
- d. Improve Financial Management and Expenditure:
  - Create a detailed strategy to increase expenditure, particularly for Component 2 (currently at 6%), to align with the project timeline. This could include prioritizing high-impact sub-projects and expediting grant disbursements for the second Call for Proposals.
  - Implement stricter oversight of budget allocations to balance expenditure across components (e.g., Component 1 at 22%, Component 3 at 41%) and ensure funds are used efficiently to meet PDO targets.
  - Allocate provisions for management costs in sub-project budgets for NGOs, CBOs, and cooperatives to support smooth implementation, addressing grantee concerns about operational challenges.
- e. Enhance Grievance Redress Mechanism (GRM):
  - Develop a dedicated mechanism within the GRM to address broader governance-related concerns, such as those raised by resigned NSC members, ensuring high-level issues are resolved transparently to maintain stakeholder trust.
  - Promote multiple grievance submission channels (e.g., hotline, email, in-person) in local languages and through community leaders to ensure marginalized IPLCs, especially women and Dalits, can easily raise concerns.
- f. Foster NSC-NEA Collaboration:
  - Schedule regular, transparent, and culturally sensitive meetings between the NSC and NEA to resolve tensions, clarify roles, and align on strategic decisions, addressing issues like delayed NSC approvals and perceived limited decision-making authority.
  - Enhance the NSC's role in approving sub-project criteria and budgets to reduce distrust and improve governance, ensuring diverse IPLC interests are represented effectively.
  - Provide mediation and conflict resolution training for NSC members and PMU staff to manage governance disputes and maintain stakeholder confidence.

g. Strengthen Environmental and Social Risk Management:

- Increase field visits by Environmental and Social Specialists to monitor sub-projects, addressing issues like improper waste disposal (e.g., plastic chemical containers in Parsa) and unsafe equipment use (e.g., exposed wires at Janaki Duna Tapari Udhog). Conduct regular grantee training on ESMF compliance and safety protocols.
- Require grantees to submit detailed environmental and social risk mitigation plans during proposal submission, ensuring proactive measures are in place before implementation.

h. Boost Communication and Outreach:

- Maintain an active project website ([www.dgmnepal.org](http://www.dgmnepal.org)) with frequent updates, success stories, and bilingual resources (English and Nepali) to enhance visibility and stakeholder engagement.
- Continue leveraging religious events, fairs, and local leaders (e.g., Muslim community outreach) to disseminate grant and scholarship information, ensuring marginalized groups like women, youth, and Dalits are reached effectively.
- Create a structured plan to document and share lessons learned, best practices, and case studies from sub-projects, using formats like videos and blogs to amplify project impact and inform future activities.

i. Prioritize Local-Level Engagement:

- Organize targeted knowledge-sharing events at the local level involving IPLCs, local governments, and private sector stakeholders to enhance grassroots REDD+ engagement, addressing the current gap (only 5 of 40 planned capacity-building events completed).
- Involve community leaders and local government officials in sub-project oversight to ensure alignment with local needs and increase accountability, particularly in Madhesh Province where forest adjacency is limited.

j. Enhance Sub-Project Management and Inclusivity:

- Strengthen field verification by provincial staff to prioritize marginalized IPLCs (women, youth, Dalits) over elite grantees, ensuring sub-projects align with social inclusion goals and benefit forest-dependent communities.
- Require private firms to contribute 50% of costs (e.g., raw materials, labor) to promote sustainability, reserving NEA funds for capital investments that support long-term growth and public goods.
- Prioritize initiatives like group gardening on public lands involving landless Dalits or women to maximize benefits for marginalized groups, addressing the current bias toward elite-led projects in Madhesh Province.

These improvements address critical project management challenges, including staffing shortages, procurement delays, M&E gaps, governance tensions, and low expenditure rates. By implementing these measures, the project can enhance operational efficiency, inclusivity, and alignment with its PDO, ensuring sustainable outcomes for forest-dependent IPLCs by the end of the Project in August 2027.

## CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

### *5.1 Conclusion*

The Mid-Term Review (MTR) of the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities in Nepal (DGM-Nepal) reveals a project with significant potential to empower forest-dependent Indigenous Peoples and Local Communities (IPLCs) in Madhesh and Lumbini Provinces, yet it faces critical challenges that require urgent attention to achieve its Project Development Objectives (PDOs). As of April 2025, midway through its implementation period (November 2022–August 2027), the project demonstrates mixed performance across its three components: Capacity Building for Sustainable Forest Management (SFM), Competitive Grants, and Project Management, Monitoring, and Knowledge.

The project excels in fostering IPLC engagement in REDD+ processes, surpassing its target with 82% of beneficiaries reporting increased roles in Forest Investment Program (FIP) and REDD+ activities at local, national, and global levels. High-profile events, such as national conferences, global exchange visits, and participation in CoP28 and CoP29, have effectively built capacity among NSC members and select IPLCs, particularly in national and global arenas. However, more focus on national/global engagement (e.g., conferences, international visits) may overshadow local-level REDD+ participation, which is critical for grassroots impact and requires further attention.

The Grievance Redress Mechanism (GRM) is another strength, achieving a 100% resolution rate for 40 operational grievances, exceeding the 90% target. These successes reflect the project's robust governance framework and alignment with Nepal's climate and development priorities, including the REDD+ Strategy, National Forest Policy (2019), and Green, Resilient, and Inclusive Development (GRID) agenda.

#### *Key issues and challenges identified*

Significant gaps observed in project implementation undermining the project's ability to deliver tangible forest-based benefits and meet its ambitious targets. Only 1821 of the targeted 8,500 beneficiaries (21.42%) have gained monetary or non-monetary forest benefits, primarily due to delays in Component 2 (Competitive Grants). Of the 48 funded sub-projects, none have progressed to the second budget installment, and no sub-projects have been completed against a target of 75. Centralized procurement delays, particularly in Madhesh Province, have caused setbacks, with grantees reporting undelivered equipment for long. In Madhesh, the predominance of agriculture-based sub-projects (65%) and the selection of non-forest-adjacent municipalities (80%) misalign with the PDO's focus on forest-dependent IPLCs and REDD+ processes. In contrast, Lumbini Province's sub-projects are more aligned, focusing on non-timber forest products (NTFPs) and forest-dependent communities.

Component 1 (Capacity Building) lags, with only 7 of 40 targeted capacity-building events completed and no expenditure on key activities like scholarships and local-level knowledge-sharing events. This gap risks limiting grassroots REDD+ engagement, critical for sustainable forest management. Component 3 (Project Management) is hampered by vacant key positions (Monitoring and Evaluation Specialist and Procurement Officer), an inoperative Management Information System (MIS), and a low overall expenditure rate of 18%, with Component 2 at just 6%. Governance challenges, including NSC-NEA tensions and the resignation of two NSC members in 2025, further complicate implementation, with unaddressed governance-related grievances undermining perceptions of transparency (70% vs. 75% target).

Environmental and social risk management requires improvement, as field visits identified issues like improper waste disposal and unsafe equipment use, indicating inadequate grantee training and monitoring. Beneficiary satisfaction, particularly among women (20% vs. 75% target), is low, suggesting inclusivity gaps, especially in Madhesh Province, where elite-led sub-projects dominate over initiatives benefiting marginalized groups like women, youth, and Dalits.

Despite these challenges, the project's relevance to Nepal's climate and development goals, its inclusive governance structure, and its outreach innovations (e.g., leveraging religious leaders for grant dissemination) provide a strong foundation for improvement. With targeted corrective measures, DGM Nepal can enhance its impact, ensuring sustainable livelihoods and REDD+ engagement for forest-dependent IPLCs by August 2027.

## **5.2 Recommendations**

To address the identified challenges and align the project with its PDOs, the following recommendations are proposed, building on the key findings of MTR, categorized by main areas of intervention.

### **Project Design and Relevance**

- a. Refine Sub-Project Focus in Madhesh Province:* Prioritize forest-based and agroforestry sub-projects in future grant calls, ensuring alignment with REDD+ and SFM objectives. Reassess the selection of municipalities to focus on forest-adjacent areas, where feasible, to target forest-dependent IPLCs.
- b. Enhance Accessibility of Project Documents:* Translate foundational documents (e.g., PAD, POM, GOM) into Nepali and local languages to improve accessibility for non-English-speaking IPLCs, fostering inclusivity and engagement.
- c. Adjust Sub-Project Beneficiary Targeting:* Ensure sub-projects prioritize marginalized groups (women, youth, Dalits) over elite-led initiatives. Support community-based initiatives, such as group gardening or afforestation on public lands, to maximize benefits for landless and poor IPLCs.

### **Project Governance**

- d. Strengthen NSC-NEA Collaboration:* Schedule regular, transparent meetings with culturally sensitive facilitation to resolve tensions, clarify roles, and align on strategic decisions. Provide mediation and conflict resolution training for NSC members and PMU staff to manage disputes effectively.
- e. Enhance NSC Decision-Making Authority:* Empower the NSC with a stronger role in approving sub-project criteria, budgets, and scholarship awards to reduce distrust and ensure diverse IPLC interests are represented.
- f. Improve Grievance Redress Mechanism (GRM):* Develop a dedicated mechanism within the GRM to address governance-related concerns (e.g., NSC member grievances), ensuring transparency and stakeholder trust. Promote multiple grievance submission channels in local languages and publish quarterly GRM reports on the project website.

## **Project Management**

### *g. Strengthen Staffing Capacity:*

- Urgently fill vacant PMU positions (Monitoring and Evaluation, Specialist and Procurement Officer) to enhance M&E and procurement efficiency.
- Augment staffing in Madhesh and Lumbini provincial offices to manage the growing number of sub-projects, supporting monitoring, technical assistance, and grantee engagement.
- Provide ongoing training for PMU and provincial staff on REDD+, SFM, environmental and social safeguards, and grant management to improve support for grantees.

### *h. Enhance Monitoring and Evaluation (M&E)*

- Develop a comprehensive M&E plan with clear methodologies for tracking progress and reporting, integrating with the MIS and results framework.
- Fully operationalize the Management Information System (MIS) to streamline grantee data management and track sub-project progress in real-time.
- Conduct periodic, disaggregated (by gender, age, IP status) beneficiary satisfaction surveys to monitor inclusivity and address low satisfaction rates, particularly among women.

### *i. Streamline Procurement Processes*

- Empower provincial offices to manage local procurement for materials (e.g., saplings, machinery) to reduce delays and ensure quality.
- Establish a standard protocol for responding to grantees' procurement concerns within three days to improve efficiency and trust.
- Regularly evaluate central vendors and explore local vendor partnerships to enhance procurement reliability.

## **Project Implementation**

### *j. Accelerate Component 1 Activities:*

- Expedite the scholarship awarding process for marginalized groups, finalizing the selection of 177 applicants and disbursing funds promptly.
- Organize local-level knowledge-sharing events involving IPLCs, local governments, and private sector stakeholders to enhance grassroots REDD+ engagement, targeting the remaining 35 of 40 planned capacity-building events.

### *k. Improve Component 2 Sub-Project Delivery:*

- Decentralize procurement to address delays, ensuring timely delivery of quality materials to grantees.
- Authorize provincial staff to conduct field verification to ensure sub-projects align with social inclusion and environmental sustainability goals, prioritizing marginalized IPLCs.
- Introduce a 50% matching grant requirement for private firms to promote sustainability, reserving NEA funds for capital investments that support long-term growth.

### *l. Enhance Component 3 Management:*

- Develop a strategy to increase expenditure (currently 18%), particularly for Component 2 (6%), by prioritizing high-impact sub-projects and expediting grant disbursements.
- Allocate provisions for management costs in sub-project budgets for NGOs, CBOs, and cooperatives to support smooth implementation.

- Regularly update the project website ([www.dgmnepal.org](http://www.dgmnepal.org)) and distribute bilingual newsletters to enhance visibility and share success stories.

### **Environmental and Social Risk Management**

#### *m. Strengthen Oversight and Training:*

- Increase field visits by Environmental and Social Specialists to monitor sub-projects, addressing issues like improper waste disposal and unsafe equipment use through regular training and technical support.
- Require grantees to submit detailed environmental and social risk mitigation plans during proposal submission to ensure proactive measures.
- Establish community-based feedback loops to integrate local concerns (e.g., cultural site impacts) into project planning and monitoring.

### **Communication and Outreach**

#### *n. Expand Innovative Outreach:*

- Continue leveraging religious events, fairs, and local leaders to disseminate grant and scholarship information, ensuring reach to marginalized groups like women, youth, and Dalits.
- Document and share lessons learned, best practices, and case studies through videos, blogs, and bilingual materials to amplify project impact.

#### *14. Strengthen Local Engagement:*

- Involve community leaders and local government officials in sub-project oversight to ensure alignment with local needs and increase accountability.
- Organize targeted consultations with three-tier governments to meet the target of 25 REDD+/forest-related discussions, fostering policy alignment.

### **Risk Mitigation**

#### *o. Address Key Risks:*

- Expand Component 1 training to build IPLC capacity in REDD+ processes, grant management, and World Bank policy compliance to reduce administrative burdens.
- Proactively address NSC-NEA tensions through transparent communication and inclusive decision-making to maintain stakeholder confidence.
- Enhance monitoring to ensure compliance with the Environmental and Social Management Framework (ESMF), addressing environmental and social risks through regular sensitization and technical backstopping.

### **5.3 Final Remarks**

The DGM Nepal project is at a critical juncture. While it has achieved notable successes in REDD+ engagement and grievance resolution, significant gaps in sub-project implementation, local-level capacity building, and inclusive beneficiary targeting threaten its ability to meet PDOs by August 2027. By implementing the above recommendations—streamlining procurement, strengthening M&E, enhancing inclusivity, and prioritizing forest-dependent IPLCs—the project can overcome its challenges and deliver sustainable, equitable benefits to marginalized communities. With concerted efforts from the NEA, NSC, World Bank, and stakeholders, DGM Nepal can fulfill its transformative potential, advancing Nepal’s climate and development goals while empowering forest-dependent IPLCs.



## **Annexures**

## **Annex 1: ToR of the Mid Term Review**

Rural Reconstruction Nepal (RRN)) Gairidhara, Kathmandu

### **TERMS OF REFERENCE (TOR)**

OF

MID-TERM REVIEW CONSULTANTS FOR DEDICATED GRANT MECHANISM FOR INDIGENOUS PEOPLES AND LOCAL COMMUNITIES IN NEPAL (DGM Nepal Project)

## **1. Background of the Project and Assignment**

### **1.1 Introduction:**

Rural Reconstruction Nepal (RRN) has received a Grant from the International Development Association ("World Bank") to act as the National Executing Agency (NEA) for the Dedicated Grant Mechanism for Indigenous Peoples and local communities in Nepal (DGM Nepal project). The DGM Nepal Project for Indigenous Peoples and Local Communities (IPLCS) is for 5 years and became effective in November 2022 and is expected to close by 31 August 2027.

RRN, acts as the NEA is responsible for the day-to-day management of the project RRN comprises of a Project Director (PD), and other key project management/technical staff. Similarly, the project is also guided by National Steering Committee of 14 members from civil society organizations with Co-Chairs from Nepal Federation of Indigenous Nationalities (NEFIN) and Federation of Community Forestry Users Nepal (FECOFUN).

## **2. Project Development Objectives (PDO)**

The Project Development Objective (PDO) of DGM Nepal is to strengthen the capacity of targeted Indigenous Peoples and local communities (IPLCs) to participate in Nepal's REDD+ processes at the local, national, and global levels. The DGM Nepal Project objective is consistent with the interests and aspirations of IPLCs expressed in Project Appraisal Document (PAD) and also with the DGM Framework Operational Guidelines.

## **3. Project Description**

### **3.1 Component 1: Capacity building for IPLCs for SFM (US\$1.5 million)**

Providing technical assistance for capacity building of IPLCs through organizing training activities, focusing on skill development and providing a better understanding of government and global processes and policies related to REDD+ and forests.

### **3.2 Component 2: Competitive Grants (US\$2.1 million)**

Supporting forest-dependent IPLCs with Competitive Grants to finance IPLC-led, SFM-based, income-generating sub-projects, including Sub-projects empowering women (see annex 1 summarizing the grant-making process); and Providing technical assistance to eligible IPLCs to enhance their technical and project management capacities through organizing training and capacity development workshops to develop their ideas into full Sub-projects proposals eligible for funding.

### **3.3 Component 3: Project management, monitoring and knowledge (US\$0.9 million)**

Providing resources to the Recipient to support

3.1 The effective implementation of the Project;

- 3.2 Technical assistance, operation, and reporting of participatory monitoring and evaluation (M&E);
- 3.3 Effective communication to stakeholders and the public; and
- 3.4 Design and operation of a grievance redress mechanism (GRM); and
- 3.5 Organizing knowledge sharing opportunities, including issuing reports and organizing events.

#### **4. DGM Nepal Project Implementation Arrangements:**

##### **4.1 Institutional and Implementation Arrangements**

The institutional arrangements for the DGM Nepal are based on the principle of being “for local communities by local communities.” The Project is being implemented by Rural Construction Nepal (RRN) as the national executing agency (NEA) (herein also referred to as the ‘Client’). The National Steering Committee (NSC) and RRN will sustain institutional relationships with the Global Steering Committee (GSC) and Conservation International (CI) as the global executing agency (GEA) for the DGM Global Project.

##### **4.2 Scope of the Mid-term Review (MTR)**

The project has been under implementation since November 2022, following its approval by the World Bank. In April 2025, the DGM Nepal Project for IPLCs will have been in implementation for two and a half years. At this stage, Rural Reconstruction Nepal (RRN) intends to engage two consultants to conduct a Mid-Term Review of the project.

The overall objectives of the Mid Term Review are:

- 4.2.1 To assess the degree to which DGM Nepal Project is on-track for and fit for purpose in meeting its development objectives moving forward and their relevance under the current circumstances.
- 4.2.2. To review the DGM Nepal’s structures and processes.
- 4.2.3. To undertake a progress review and effectiveness of the project which will assess how the program as a whole is on-track to meet its goals with particular attention to the appropriateness of the projects design, implementation and risks;
- 4.2.4 To provide specific recommendations for changes to program elements that may improve program design, implementation and performance.

The work of the Consultants will cover all aspects of Dedicated Grant Mechanism for Indigenous Peoples and Local Communities in Nepal (DGM Nepal Project) and identify challenges, opportunities and lessons learned and makes recommendations to improve the Project’s implementation for the remaining project duration. The specific scope of the assignment will mainly comprise but not limited to the following (please see below).

##### **5. Project’s design, progress and relevance:**

The Consultant will review all background documents including the Project Appraisal Document (PAD) and the financing agreements, the Project Operational

Manual (POM) and other operational documents including Environment and Social Management Framework to understand the objectives and design of the project.

The Consultant will review the entire project design with special focus on component/activity selection, the design objectives at all levels (component, sub- component, activity) etc and the linkages of these to each other. In carrying out this review, the Consultant will consider factors such as (and not limited to) the complexity of the project, the ability of the current design and components/activities to deliver the project's development objectives, the capacity of the stakeholders involved in implementation and the limitation of the existing budget and completion of the activities.

The Consultant will recommend improvements necessary to ensure effectiveness in the delivery of the project development objectives. In particular, recommendations should be specific on what changes (revisions/reductions/increments) in activities (and funding) will need to be made to ensure that the objectives of the project are achieved. The Consultant may also consider revisions and updates to the results framework, targets and indicators as needed, based on the existing project implementation.

The Consultant will ascertain the project's compatibility with the Government's development policies, its linkages with other ongoing programs in the sector and the role of various stakeholders. The Consultant will critically examine the role of the World Bank, the Government and other stakeholders in the designing of the project and subsequent gains and/or challenges.

## **6. Project Management**

The Consultant will analyze the effectiveness of the project's governance structure. The consultant will also analyze the Project's implementation structure, in particular the RRN, including the project personnel, and the Component heads who are assigned to execute the objectives of each of the components of the project. The Consultant shall make an independent assessment of the achievements and shortcomings of each component of the project.

The Consultant shall review the arrangements and capacities for the management and support of the individual components and make specific recommendations including reorganization or sourcing external support, where necessary, to ensure the effective delivery of the activities and achievement of the objectives for each of the components for the remainder of the project period.

The Consultant will review, independently, the provincial offices, Madhesh and Lumbini, and make recommendations, where necessary, on improvements of the capacity and methods of work to ensure effective support for the implementation of the remaining activities of the project. The Consultant will review existing management arrangements for the coordination of the project and make recommendations for improvements where necessary to ensure maximum benefits in the implementation of the project.

## **7. Project Implementation**

The Consultant will review the implementation and performance of each of the components of the project, including cross-cutting components such as environment and social safeguards and Monitoring and Evaluation, and assess the extent to which the project objectives and expected progress as set out in the design are being achieved and the degree to which project guidelines and covenants stipulated in the Grant Agreement and in the PAD and POM are being complied with. The Consultant will provide an analysis of the project's overall performance against these

documents and will make recommendations regarding any problems that are identified and improvements in overall implementation performance. The consultant will undertake the following

- i. Review of the status of implementation of each of the components, sub-components and an assessment whether it is on track or not including emerging issues to be addressed going forward for the remaining period of the project.
- ii. Identification and determination of the relevance, efficiency, effectiveness and sustainability of methods and mechanisms established for the management of each component at municipality level and National level as well as compliance with Project requirements and procedures if applicable.
- iii. Identification of outputs and preliminary results and outcomes of the project interventions within the participating IPLCs and national Level. Assessing the performance and delivery capacity of RRN, IPLCs. The IPLCs will be assessed on sample basis
- iv. Presentation of key findings and recommendations to a Mid-term Review workshop composed of key stakeholders with comments and suggestions to be incorporated in the final report

## **8. Project Risks**

The Consultant shall carry out an assessment of the major risks facing the project and shall recommend measures for mitigating these risks. The effects of the risks on some activities/sub-components and the impact of these on the component and project objectives should be analysed.

## **9. Approach and Methodology**

The MTR will be managed by the RRN and conducted by independent consultants who have extensive experiences leading the projects' implementation, monitoring and evaluation of the projects and programs, and related review of project's implementation processes. The MTR will be conducted with close coordination with Environmentalist and Social Development Specialist according to the following steps:

**9.1 Document Review.** A comprehensive document review that incorporates strategic documentation, project documentation, reports and reviews.

**9.2 Inception Report.** The Consultant will prepare a joint Inception Report which finalizes the review questions and describes the methodology and a work plan. The Inception Report could include, but is not limited to the following items:

- i. Implementation process, timeline and key milestones for the MTR,
- ii. Strategic guidance on documentation, reports and data to review,
- iii. Strategic guidance on and identification of relevant stakeholders and process for stakeholder engagement (e.g., interviews, questionnaires, consultations),
- iv. Identification of relevant field visits,
- v. Strategic guidance on the organization of the debriefing workshop (venue, participants, agenda),
- vi. Structure of the final report.

The Inception Report will be prepared in consultation with the RRN and with close coordination with **Environmentalist and Social Development Specialist**.

**9.3 Stakeholder Consultations.** The consultant will conduct consultations with specific stakeholders that are in a position to inform the specific points of analysis herein. Specific opportunities include telephone or video connected consultations with:

- NSC members
- World Bank Experts
- Project’s beneficiaries
- NEA Experts
- Other stakeholders identified as relevant to the Review.

The Consultants will also interview RRN project staff. An indicative list of persons to be interviewed will be prepared by the MTR team in consultation with the RRN. For overall project status, the consultants will conduct field visits to the IPLCs where sub- projects are being implemented. Since the sub-projects being implemented are at different levels of implementation the IPLCs selected for review need to be stratified considering some broad guidelines:

- (i) at least 20 IPLCs,
- (ii) IPLCs at advanced stages of sub-project intervention need to be grouped into one category while IPLCs at lower levels of interventions into another category,
- (iii) Stratification should also consider the geographical location of sub projects,
- (iv) Selection of IPLCs for MTR be randomly selected ensuring not less than 6 municipalities from each Province and
- (v) In addition, at least 6 IPLCs also need to be selected from the category of IPLCs provisioned only for capacity building.

The IPLCs under that are not covered with field visits will need to be consulted using alternative means (e.g. phone calls, virtual meetings, etc.) so that all expected IPLCs are consulted.

**9.2 Draft Report.** Synthesizing information gathered during the MTR documentation review and consultations into a joint draft report with specific recommendations for any changes required to improve the project’s design and performance. The consultant will ensure that the assessments are objective and balanced, affirmations accurate and verifiable, and recommendations realistic.

**9.3 Consultative Workshop.** Presentation of the report at a debriefing workshop with the RRN and other stakeholders as relevant to gain sufficient feedback on the draft MTR Report, to validate the consultant’s findings and to discuss any recommendations made for changes to the project.

**9.4 Final Report.** Based on feedback from the Workshop, the consultant will prepare and submit the Final Report. The joint final report will incorporate feedback received during the workshop and any agreed actions and will include specific recommendations, as relevant, for needed modifications that will improve the project’s design and implementation. The Consultant shall report directly to the Project Director of the RRN, but will also work closely with the Provincial/Grant /Micro Enterprise Promotion Officer-Lumbini Province, Lumbini and Janakpur and IPLCs.

## **10. Duration of Assignment**

The assignment is expected to be completed within two (2) months or 9 weeks including the submission of the Final Report as per Table 1- Tentative Schedule of Activities outlined below.

### **Table 1: Tentative Schedule of Activities**

S.No.	Activity Details	Duration (wks)	Cumulative duration (in wks, after work order)
1.	Desk Studies and Submission of Inception Report	1	1
2.	Data collection	2	3
3.	Data Analysis	2	5
4.	Stakeholders Validation meetings/workshop with representatives from IPLCs/SMs and key stakeholders and submission of comments to consultants	2	7
5.	Incorporation of Stakeholders comments and Submission of Final Report by Consultants	2	9
6.	Total Calendar Weeks	9	9

### 11. Deliverables

The Team Leader and Environmentalist and Social Development Specialist shall coordinate/support each other and prepare deliverables jointly. The deliverables of the assignment comprises:

**FINAL INCEPTION REPORT:** The Inception Report (4 Hard Copies and 1 Soft Copy in word document) shall be submitted to the Project Director for review within one (1) week after affective date of the contract, the approval which shall form the basis for the continuation of the assignment. The inception report should include a detailed methodology for conducting the review, along with the field instruments to conduct the review. The MTR team will be mobilized to the field only after the approval of the inception report.

**Draft Final Report:** Four (4). Hard Copies and 1 Soft Copy in word document of Draft Final Reports of the assignment including one video documentary of IPLCs showing results are to be submitted to the project Director for comments within eight (7) weeks after effective date of the Contract. The Client shall provide stakeholders comment on the Draft Report within One (1) week of its submission for incorporation into the Final Report by the Consultant. Annex 4 provides a sample template for the draft report. **Presentation of the draft final Report at Stakeholder Validation Workshop:** The consultant will be required to present the findings of the draft final report at relevant workshops with all stakeholders within Nine (9) weeks from the effective date of contract The details of these workshops will be agreed with the RRN.

**Final Report:** The consultant will submit four (4) hard copies and one (1) Soft Copy of the Final Reports to the Project Director, within One (1) week after receiving comments on Draft Report from the Client. The Final Reports shall include but not limited to as Annexes: Stakeholder comments on Draft Report; the TOR for the assignment; list of IPLCs/SMEs/persons/institutions/sub-projects interviewed/analyzed; data collection instruments; photographs; and any other pieces of information which supports the analysis and findings. The aforementioned Deliverable shall be submitted to the Project Director, RRN, Gairidhara, Kathmandu.

## **Annex-2: List of Individuals, IPLCs and Stakeholders Consulted**

### **RRN/National Executing Agency**

Dr. Arjun Karki, President, RRN  
Dr. Ratna Karki, Project Team Leader, RRN  
Dr. Suresh Tamang, IPLC Specialist, RRN  
Ms. Priyanka Jha, Social Development Specialist  
Ms. Reena Sangraula, Environmental Management Specialist  
Ms. Nicky Shree Shrestha, Knowledge Management Officer, RRN  
Ms. Sadhana Sanba Limbu, Program /Communications Officer, RRN  
Ms. Kabita Tamang, Provincial Coordinator for Lumbini province, RRN  
Mr. Manoj Singh, Provincial Coordinator, Madhesh Province  
Mr. Dharmendra Shah, Field Officer, Madhesh Province  
Mr. Shyam Upadhya, Finance Officer, RRN

### **World Bank**

Ms. Meerim Shakirova, Task Team Leader and Natural Resource Management Specialist, WB  
Mr. Manish Basnyat, World Bank

### **National Steering Committee members**

Mr. Thakur Bhandari, FECOFUN  
Dr. Ghanshyam Pandey, Green Foundation Nepal  
Mr. Gajur Dhan Rai, FONIJ  
Mr. Ganesh BK, RDN  
Ms. Nimi Sherpa, NIWF

### **Grantees**

#### **Madhesh Province:**

Mr. Ram Naresh Mahato, Mithila Krishi tatha pashu palan Farm, Laxminiya-1, Dhanusha  
Mr. Ram Swartha Saha, Janakpurdham Ban Prabidhik Samaj, Janakpur, Dhanusha  
Mr. Dev Sharan Yadav, Janakpurdham Ban Prabidhik Samaj, Janakpur, Dhanush  
Mr. Nembar Rai, Kirat Rai Yayokhkha, Siraha  
Mr. Binod Kumar Shaha, Community Women Development Centre, Rajbiraj, Saptari  
Ms. Indu Kumari Yadav, Gyapan Integrated Livestock & Fisheries Farm, Bariyarpatti, Siraha  
Mr. Rakesh Yadav, Gyapan Integrated Livestock & Fisheries Farm, Bariyarpatti, Siraha  
Mr. Durga Hari Tamang, RatuThakur Chure Conservation Users Group  
Mr. Bholu Mahar Kushwaha, Women Awareness Program, Madhav Narayan-8, Rautahat  
Mr. Ajay Kumar Yadav, Terai Ekata, Apanga Sangh, Rautahat  
Ms. Yashoda Gajurel Pokharel, Yashoda Bag Udhyog, Birgunj, Parsa  
Mr. Dipendra Mahato Koiree, Atal Krishi Sakari Sanstha, Jagarnathpur, Parsa  
Mr. Ashutosh Pathak, Nepal Aayurved Medical College Foundation, Parsa  
Mr. Krishna Kushwaha, Nepal Aayurved Medical cCollege Foundation, Parsa  
Mr. Rajeshwar Mahara Chamar, Janaki Duna Tapari Udhyog, Paterwa Sugauli, Parsa  
Mr. Hira Lal Choudhari, Bhoomi Herbal Soap Udhyog, Parsa

## **Lumbini Province**

Mr. Iman Singh Chidi,	Arkhotdi Magar Bheja, Tinau Palpa
Ms. Sharmila Gaha Magar	Arkhotdi Magar Bheja, Tinau Palpa
Ms. Rebkala Magar	Arkhotdi Magar Bheja, Tinau Palpa
Ms. Sharmila Pun,	Chinari Mahila Samuha, Ghorahi, Dang
Mr. Dev Bahadur Pun	Chinari Mahila Samuha, Ghorahi, Dang
Mr. Bed Bahadur Budha,	Nepal Magar Sangh, Ghorahi, Dang
Mr. Pradeep Choudhary,	Pradeep Printing World, Banganga, Kapilvastu
Mr. Pawan Kumar Tharu,	Tharu Sanskritik Samrakshan Kendra, Buddhabhumi, Kapilvastu
Mr. Shiva Gulam Choudhary,	Tharu Sanskritik Samrakshan Kendra, Buddhabhumi, Kapilvastu
Ms. Kamala Tharu,	Tharu Sanskritik Samrakshan Kendra, Buddhabhumi, Kapilvastu
Ms. Urmila Tharu,	Tharu Sanskritik Samrakshan Kendra, Buddhabhumi, Kapilvastu
Mr. Jagadish Prasad Choudhary,	Tharu Sanskritik Samrakshan Kendra, Buddhabhumi, Kapilvastu
Mr. Santa Ram Tharu,	Tharu Kalyan karini Buddhabhumi Nagar Karyasamiti, Kapilvastu
Mr. Laxman Narayan Tharu,	Parmeshwar Krishi tatha Chyau Kheti, Sainamaina, Rupandehi
Mr. Man Bahadur Tharu,	Parmeshwar Krishi tatha Chyau Kheti, Sainamaina, Rupandehi
Mr. Babu Roka,	Nepal Magar Sangh, Jilla Samanwaya Samiti, Lamahi, Dang
Mr, Mukta Budha Magar,	Nepal Magar Sangh, Jilla samanwaya samiti, Lamahi, Dang
Mr. Jit Bahadur Darlami,	Silingkhola Krishi tatha Pashupanchhi Farm, Arghakhanchi

## **Non-Grantee Beneficiaries (Attendees of national conference on media advocacy):**

### **Lumbini Province**

Mr. Saroj Thapa Magar,  
Mr. Jagat Thada Magar  
Ms. Manu Pun  
Mr. Santa Kumar Shrestha  
Mr. Basanta Sinjali  
Mr. Eku Rana  
Ms. Ashika Thapa  
Ms. Parbati Tharu

### Annex 3: List of Sub-projects observed

#### A. Madhesh Province

S.N	Applicant	Applicant type	District	Local level	Sub-project Title	Approved grant amount (NRs)	Project Duration (months)
1	Samudayik Mahila Bikash Kendra	NGO/CBO	Saptari	Mahadeva	Vegetable farming/ Pickle production	1,000,000	24
2	Kirat Rai Yayokha	NGO/CBO	Siraha	Aurahi	Climate Resilient Farming	1,000,000	24
3	Janakpur Ban Prabhidhik Samaj	NGO/CBO	Dhanusha	Janakpurdham	Establishment of High-Tech Nursery	2,500,000	18
4	Mithila Krishi Tatha Pashupanchhi Palan	Personal Firm	Dhanusha	Laxminiya	Maringa cultivation	1,200,000	15
5	Ratothakur Chure Sanrakshyan Upa. Sa.	User Group	Dhanusha	Mithila Bihari	Lime cultivation	800,000	24
6	Women Awareness Program	NGO/CBO	Rautahat	Madhavnarayan	Pointed Gourd farming	700,000	12
7	Terai Ekata Apanga Sangh	NGO/CBO	Rautahat	Madhavnarayan	Sustainable forest management	1,200,000	24
8	Atal Krishi Sahakari Sanstha	Cooperative	Parsa	Jagarnathpur	Banana Cultivation	1,500,000	24
9	Bhumi Herbal Soap Industries	Personal Firm	Parsa	Paterwa Sugauli	Herbal Soap Production	1,800,000	24
10	Janaki Duna Tapari Udhyog	Personal Firm	Parsa	Paterwa Sugauli	Leaf plate production enterprise	935,000	24
11.	Yashoda Bag Udhyog	Personal Firm	Parsa	Birgunj	NTFP-based bags production	1200000	24
12.	Kabir Integrated Agri.Farm	Personal Firm	Siraha	Bariyarpatti	Fruit cultivation	1000000	24

13.	Gyapan Ekikrit Pashu Tatha Matsya Firm	Personal Firm	Siraha	Bariyarpatti	Fruit Cultivation	1000000	23
14.	Nepal Ayurvedic Medical College Foundation	CBO/NGO	Parsa	Jagarnathpur	Banana Cultivation	600000	24

*Nature of Sub—Projects: Agriculture development: 10, Forest-based enterprising:4*


### **C. Lumbini Province**


<b>S.N</b>	<b>Applicant</b>	<b>Applicant type</b>	<b>District</b>	<b>Local level</b>	<b>Sub-project Title</b>	<b>Approved grant amount (NRs)</b>	<b>Project Duration (months)</b>
1	Aarkhotdi Magar Bheja	NGO/CBO	Palpa	Tinau	Handicrafts Made from Thakal Leaves	1,200,000	24
2	Chinari Mahila sajhedari	Private Firm	Dang	Ghorahi	Allo processing	2800000	24
3	Nepal Magar Sangha, District Coordination Committee	IPO	Dang	Lamahi	Bamboo Crafts	1200000	24
4	Silingkhola krishi Tatha Pashupanchhi Farm	Personal Firm	Arghakhanchi	Shitganga	Gift Centre	800000	24
5	Tharu Sanskritik Samrakshyan Kendra	CBO	Kapilvastu	Buddhabhumi	Dhakiya Production	655000	24
6	Tharu Kalyan Karini karya samiti	CBO	Kapilvastu	Buddhabhumi	Machya Production	700000	24
7	Parmeshwor Krishi tatha Chyau	Personal Firm	Rupandehi	Sainamaina	Mushroom production	700000	12


*Nature of Sub-Projects: Agriculture : 1, NTFP-based enterprising: 6*

## Annex 4: Field Observations Note

The MTR team along with the provincial staffs of DGM-Nepal visited 14 different sub-project sites from Saptari, Siraha, Dhanusha, Mahottari, Sarlahi, Rautahat and Parsa Districts in Madhesh Province and 7 sub-project sites from Dang, Kapilvastu, Rupandehi and Palpa districts in Lumbini Province. The field notes based on the observations of some of these sub-projects are presented here under:

<b>Grantee</b>	Mithila Agriculture and Livestock Farm, Laxmania-1, Dhanusha
<b>Project Location</b>	Laxmania Rural Municipality-1, Dhanusha
<b>Grant Amount</b>	NPRs 1.2 million
<b>Sub-Project</b>	Seasonal and Off-Seasonal Moringa Production
<b>Key Outputs</b>	Moringa farming, market access, and value addition
	<p>The grant was awarded to a private entrepreneur to systematically promote Moringa cultivation in the region. The grantee aims to establish a model Moringa farm to inspire and educate nearby communities on cultivating this versatile, high-value plant for income generation. Moringa leaves are valued for their medicinal properties, and its pods are a popular vegetable, fetching up to NRs 100/kg in the local market. The MTR team observed the farm site of the Grantee where he briefed us about his scheme. He has planted 1200 saplings, completed fencing of the leased land and a bore well is also set up on the plantation site. He shared his scheme of producing more than 1000 kg of Moringa pods by next year. However, the substandard transplanted saplings raise doubts about the grantee's claim of harvesting 1,000 kg next season.</p> 
<b>Observations</b>	<p>The farm's location is suitable for demonstration, as most land remains fallow after rice cultivation. Despite Moringa's potential as a high-value crop, systematic farming is lacking. A successful demonstration could promote its adoption in the area. However, the land is leased for two years, raising concerns about the project's sustainability if the lease is not renewed. The lease rent is paid from the Grant money for 2 years, while the sub-project duration as per the agreement is just for 15 months. The sub-project titled "Seasonal and Off-Seasonal Moringa Production" appears unrealistic, as Moringa is typically produced only during the dry summer season, and the project has no any interventions to support off-season production.</p>
<b>Recommendations</b>	<ul style="list-style-type: none"> <li>• Ensure regular monitoring from the Grant</li> <li>• Secure the renewal of the land lease before its expiration in two years to ensure project continuity.</li> </ul>

<b>Grantee</b>	Kirat Rai Yayokkha, Siraha	
<b>Project Location</b>	Aurahi Rural Municipality	
<b>Grant Amount</b>	NPRs 1 million	
<b>Sub-Project</b>	Climate Resilient Vegetable Farming	
<b>Key Outputs</b>	Vegetable production and marketing	
	<p>The grant is awarded to the District Chapter of Kirat Rai Yayokkha, Siraha an Indigenous Peoples’ Organization for 24 months. The sub-project is implemented on less than a hectare of leased land, approximately 50 km away from the grantee’s office. The chairperson of Yayokkha frequently travels to the field to oversee vegetable cultivation, as other members of the organization show little interested on the project. The chairperson is actively seeking a local partner to assist, as daily travel from the office is both costly and challenging for him.</p> <p>Recently, heavy rainfall destroyed the onion and chili crops, leaving only a few plants intact. The field is now prepared for a new crop.</p>	
<b>Observations</b>	The grantee, primarily an advocacy organization, does not prioritize farm enterprising, leaving the chairperson to shoulder the responsibility alone. Moreover, geographical distance significantly impedes the grantee's ability to effectively manage this sub-project.	
<b>Recommendations</b>	<ul style="list-style-type: none"> <li>• Regular monitoring and technical backstopping from the Grant for timely completion of the agreed activities.</li> <li>• Ensure demonstration effect of the climate resilient technologies of vegetable production in the local IPLC community from the sub-project.</li> </ul>	

<b>Grantee</b>	Janaki Duna Tapari Uddhyog, Parsa	
<b>Project Location</b>	Paterwa Sugauli Rural Municipality	
<b>Grant Amount</b>	NPRs 935000	
<b>Sub-Project</b>	Leaf Plate Production	
<b>Key Outputs</b>	Leaf Plate Production Unit Established	
	<p>The grant was awarded to a private firm owned by Mr. Rajeshwar Chamar, a highly marginalized Dalit youth who was preparing to seek labor work in Gulf countries. The funding enabled him to remain in his community, creating employment opportunities for himself and women from his community. The grant supports the establishment of a leaf plate and bowl production unit, where hand-woven Sal leaf plates, crafted by community women at their convenience, are purchased by Mr. Rajeshwar. He then uses a machine to press these plates into high-quality value-added products, targeting eco-conscious buyers in urban centers.</p>	
<b>Observations</b>	<ul style="list-style-type: none"> <li>• This sub-project closely aligns with the PDO, directly empowering the most socio-economically marginalized community members- Dalits and women, by creating meaningful employment opportunities.</li> <li>• Abundant forest-based raw materials (Sal leaves), combined with a strong market for leaf plates, ensure seamless access and operational success.</li> <li>• Leaf plate stitching, a traditional skill practiced by rural women, is enhanced through this sub-project, which builds upon and refines their existing knowledge and expertise.</li> <li>• Machine operations must prioritize occupational safety measures to ensure a secure working environment.</li> </ul>	
<b>Recommendations</b>	<ul style="list-style-type: none"> <li>• Regular monitoring</li> </ul>	

<b>Grantee</b>	<b>Aarkhotdi Magar Bheja, Tinau, Palpa</b>
<b>Project Location</b>	Tinau Rural Municipality, Palpa
<b>Grant Amount</b>	NRs 1.2 Million
<b>Sub-Project</b>	Promotion of indigenous handicrafts of Thakal leaf (Circium wallichii DC)
<b>Key Outputs</b>	Handicraft production using Thakal Leaf, market access, Skill Transfer, and additional income generation



The beneficiaries, primarily housewives from an Indigenous Peoples community, previously spent most of their time on household chores. The grant has empowered them to acquire new skills, work locally, and earn an additional monthly income of Rs. 8,000–10,000. They collect leaves at no cost from nearby community forests, earning Rs. 200 per kilogram, and craft handicrafts such as bags, hats, and baskets. During the review, the beneficiaries showcased their products and discussed the opportunities and challenges of running this women-led enterprise. Key challenges include collecting thorny leaves during the rainy season, when drying is difficult, and accessing markets due to transportation limitations. The municipality has pledged to support market coordination, with Rs. 100,000 allocated for marketing efforts. The group plans to purchase an additional sewing machine upon receiving the second grant installment.

<b>Observations</b>	<ul style="list-style-type: none"> <li>• The grant creates additional income-generating opportunities for marginalized community members, fostering economic stability.</li> <li>• It empowers Indigenous women by enhancing their livelihoods, leadership, and economic independence.</li> <li>• Freely available raw materials, including previously unused or discarded leaves, ensure sustainable resource access.</li> <li>• Strengthened family bonds, as both spouses often collaborate in crafting products, fostering shared economic contributions.</li> <li>• Women can weave products flexibly at any time or place before final stitching, accommodating their schedules.</li> <li>• The grant builds on the community women’s existing leaf weaving and stitching skills, refining and amplifying their traditional expertise.</li> </ul>
<b>Recommendations</b>	<ul style="list-style-type: none"> <li>• Regular monitoring and forging coordination with municipality to ensure market access.</li> </ul>

<b>Grantee</b>	<b>Chinari Mahila Sajhedari Samuha- Forest Base Enterprise</b>
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Project Location	Gorahi Municipality-14, Dang District, Lumbini Province
Grant Amount	NRs 2.8 Million
Sub-Project	Promotion of indigenous handicrafts of Allo
Key Outputs	Handicraft production using Allo fibre, market access and additional income generation opportunities for women in the local community

The grantee, an individual recipient, received a first installment of Rs. 800,000 to run the handicraft-enterprise using Allo fibers. The funds were used to purchase raw materials, which are sourced from neighboring districts and processed into thread. The enterprise currently employs 20–25 persons, including single women, Dalits, and conflict-affected women, who earn Rs. 10,000–12,000 monthly based on their daily production. The women craft shoes, bags, and coats, which are sold at local exhibitions and trade fairs across the country.



During the review, key challenges raised include a lack of training in product packaging and branding, as well as additional costs for color materials sourced from Kathmandu. Currently, production is limited to Allo coats and bags. The grantee aims to expand into producing shawls, which have higher demand and market potential, but lacks the necessary machine, which they plan to purchase in the near future.

<b>Observations:</b>	<ul style="list-style-type: none"> <li>• The grant creates employment opportunities for marginalized women, including single women, Dalits, and those affected by conflict, fostering economic inclusion.</li> <li>• It promotes and preserves the cultural heritage and traditional skills of Indigenous Peoples through their crafts.</li> <li>• The current working environment is inadequate and requires improvement.</li> <li>• Women working on daily wages receive insufficient compensation.</li> <li>• Training in product packaging, labeling, and branding is needed to enhance market competitiveness.</li> </ul>
<b>Recommendations:</b>	<ul style="list-style-type: none"> <li>• Ensure safe working environment and adequate wages for the daily workers.</li> <li>• Regular monitoring from the project.</li> </ul>

<b>Grantee</b>	<b>Tharu Sanskriti Sanrakchyan Kendra</b>
<b>Project Location</b>	Buddhabhumi Municipality, Kapilvastu District, Lumbini Province
<b>Grant Amount</b>	NRs 655000/-
<b>Sub-Project</b>	Promotion of indigenous handicrafts Dhakiya
<b>Key Outputs</b>	Handicraft production using forest-based raw materials, market access, skill /craft transfer, and job opportunities for local and indigenous women in the community.



The grantee, representing the Indigenous Tharu community, produces handicrafts from wild grass and leaves, preserving traditional skills through crafting baskets, mats, and pots. The “Dhakiya” basket, a vital cultural artifact used in Tharu weddings, mourning ceremonies, and religious functions, is central to their heritage. However, this craft is at risk of disappearing as younger generations are not pursuing it as an occupation. The sub-project aims at preserving and promoting this cultural artifact. The grantee received a first installment of Rs. 196,000 and conducted a 25-day

training program to teach women how to design and produce the traditional “Dhakiya” basket. Challenges include a lack of skills in creating trendy patterns and difficulties in collecting wild grass during the off-season. Currently, the products are sold to “Koshile Ghar,” a marketplace operated by the municipality.



<b>Observations:</b>	<ul style="list-style-type: none"> <li>• The initiative promotes and preserves the cultural heritage and traditional skills of Tharu Peoples.</li> <li>• The enterprise has strong marketing potential due to its location in a tourist area.</li> <li>• Training in innovative design is needed to enhance competitiveness in the market.</li> </ul>
<b>Recommendations:</b>	<ul style="list-style-type: none"> <li>• Regular monitoring from the project.</li> <li>• Sustainable marketing access.</li> <li>• Storage place to keep leaves dry during off season.</li> </ul>

## **Annex 5: Checklist for Observations/Interviews**

### **A. Checklist for the Stakeholder Consultations**

#### **The World Bank Experts**

1. How well do you think the project is aligned with its original goals and objectives?
2. How would you describe the overall progress of the project to date compared to the planned timeline and objectives?
3. Do you think the project's budget and staffing resources are sufficient to achieve its goals by August 2027? If not, what additional support is needed?
4. Are there any areas where the project could better align with DGM Framework Operational Guidelines or CIF/World Bank expectations?
5. How effectively is the project tracking its progress against the planned indicators and targets?
6. Are there any gaps or limitations in the current monitoring and evaluation system that need to be addressed?
7. Are there any key milestones or deliverables that have not been met? If so, why?
8. What have been the most significant achievements of the project so far?
9. How would you rate the communication and collaboration of NEA with the Bank team and other key stakeholders?
10. How effective do you think the governance structure (e.g., NSC, RRN as NEA) has been in guiding and supporting the project's implementation?
11. What are the strengths and weaknesses of RRN's Project Management Team (e.g., Project Director, and other technical Staffs) in executing the project's objectives?
12. How has the project ensured compliance with the Project Appraisal Document (PAD), Project Operational Manual (POM), and grant agreements? Are there any gaps?

#### **The NSC Members**

1. How relevant do you find the DGM-Nepal project's objectives and activities in the context of Nepal's current development policies and REDD+ priorities?
2. How have stakeholders (e.g., beneficiaries, partners, funders) been involved in the project so far?
3. As an IPLC representative, how has the project supported your community's participation in REDD+ processes? What could be improved?
4. Are the current components—capacity building, competitive grants, and project management—fit for felt needs of the forest dependent IPLCs? Why or why not?
5. Are there any groups or individuals who feel excluded or underserved by the project? If so, who and why?
6. How would you rate the communication and collaboration between the project team and key stakeholders?
7. What have been the main strengths in the project's implementation process so far?
8. What are the biggest risks or obstacles the project has faced up to this point?
9. How have these risks been mitigated, and do you think the mitigation strategies have been successful?

10. How sustainable do you believe the project's results (e.g., capacity building, sub-projects) will be after funding ends? What factors will influence this?
11. Are there emerging risks or challenges that could affect the project moving forward?
12. Is there anything you'd like to share about the project's progress, challenges, or opportunities that we haven't covered?

**The NEA Executives**

1. Are you happy with the overall progress of the DGM-Nepal project to date compared to the planned timeline and objectives?
2. How effective have the project's strategies and activities been in addressing the identified needs or problems?
3. Are the current management and coordination mechanisms working effectively? Why or why not?
4. To what extent do you believe the project is achieving its intended outcomes at this stage?
5. What have been the most significant achievements of the project so far?
6. Can you provide examples of how the project has positively impacted the target beneficiaries or stakeholders?
7. Have there been any unexpected outcomes—positive or negative—that have emerged during implementation?
8. How sustainable do you believe the project's results (e.g., capacity building, sub-projects) will be after funding ends? What factors will influence this?
9. Is there anything you'd like to share about the project's progress, challenges, or opportunities that we haven't covered?

**The DGM-Nepal Project Staffs**

1. Have you encountered any significant challenges in managing the project? How were they addressed?
2. Are the current coordination mechanisms between RRN, NSC, IPLCs, and other stakeholders working well? If not, what changes would you recommend?
3. Are the Project's targets and indicators in the results framework still realistic and appropriate at this mid-term stage? Should any revisions be considered?
4. What have been the most significant achievements of the project so far?
5. What are the biggest risks or obstacles the project has faced up to this point?
6. How have you mitigated those risks, and do you think the mitigation strategies have been successful?
7. Are there emerging risks or challenges that could affect the project moving forward?
8. If you could change one thing about how the project has been implemented so far, what would it be and why?
9. How sustainable do you believe the project's results (e.g., capacity building, sub-projects) will be after funding ends? What factors will influence this?
10. Is there anything you'd like to share about the project's progress, challenges, or opportunities that we haven't covered?

### **General Observation**

1. Brief description of the funded activity or sub-project (Type of grant received, e.g., scholarship under Component 1.1 or competitive grant under Component 2.1), status of implementation (e.g., ongoing, completed, delayed), timeline of key milestones achieved to date
2. How well are the project resources (budget, staff, equipment) being utilized?
3. Have there been any unexpected outcomes—positive or negative—that have emerged in the communities due to the Project?
4. Are there any groups or individuals who feel excluded or underserved by the Project? If so, who and why?
5. How relevant are the Project's objectives and activities in the local context particularly in the contemporary development policy landscapes and REDD+ priorities?
6. How has the project empowered specific groups, such as women or marginalized IPLCs, through its activities?

### **Checklist to interview Grant recipients**

1. Do you find the DGM Nepal processes (e.g., grant application, reporting) transparent? (Yes/No, explain why)
2. Do you feel included in decision-making or activities related to the project? (Yes/No, explain with examples)
3. Are there any barriers to accessing information or participating fully in the project?
4. Have you registered any grievances related to the project? If yes, what was the issue?
5. Was the grievance addressed? If yes, how long did it take, and were you satisfied with the resolution?
6. Are you aware of the project's Grievance Redress Mechanism (GRM) and how to use it?
7. How would you rate the support provided by Rural Reconstruction Nepal (RRN) in managing your grant (e.g., communication, technical assistance)?
8. Do you feel your voice and needs are adequately represented in project activities?
9. Have you participated in any Forest Investment Program (FIP) or REDD+ related activities (local, national, or global) since receiving the grant/technical assistance? If yes, describe your role.
10. What type of assistance (grant/ training/technical assistance) did you receive from the Project so far?
11. Do you feel your influence or participation in these processes has increased compared to before the assistance? (Yes/No, with examples)
12. What specific skills or knowledge gained from the project have helped you engage in these processes?
13. Have the training and technical assistance provided to you or your community improved the ability to develop and manage sub-project proposals? What evidence supports this?
14. Have you or your community experienced increased monetary benefits (e.g., income) due to the project interventions? If yes, provide details (amount, source).
15. Have you experienced non-monetary benefits (e.g., improved access to forests, clearer tenure rights, and better awareness of forest policies)? If yes, describe.
16. How many people in your household or community have directly benefited from these outcomes?

17. For competitive grant recipients: Is your sub-project on track to be completed successfully? (Consider completion of activities, disbursement of funds, and achievement of objectives)
18. What specific objectives have been achieved so far? Provide examples of results.
19. What challenges have prevented full achievement of objectives, if any?
20. Were grant funds disbursed on time and in the expected amounts? If not, what issues arose?
21. Are the financial reporting requirements clear and manageable?
22. Do you believe the benefits of your grant will continue after the project ends? Why or why not?
23. What support would you need to sustain these outcomes in the long-run?

**Checklist for Key Informants' Interviews**

1. Are marginalized groups (e.g., women, youth, non-indigenous IPLCs) adequately included in the sub-projects or other project activities?
2. What has been the most significant positive outcome of the project in your community?
3. Can you share a specific example of how the project has improved people's livelihoods or forest management practices in this area?
4. Is there equitable access to project benefits (e.g., employment, infrastructure)?
5. Have the local communities been adequately consulted about the project? Are community concerns and feedback integrated into project planning?
6. Are the project activities harmful to local socio-cultural and environmental integrity?
7. Does the project have adequate mitigation measures to avoid negative implications in local socio-cultural and environmental settings?

**Checklist for Assessing Environmental Safeguards**

1. Does the project comply with local, national, and international environmental regulations?
2. Does the project lead to deforestation, land clearing, habitat destruction or water and air pollution?
3. Are there clear objectives to minimize environmental degradation?
4. Are there plans for habitat restoration or compensation (e.g., reforestation, wetland creation)?
5. Is the project using renewable or sustainable resources where possible?
6. Does the sub-project promote renewable energy or energy efficiency?
7. Does the sub-project affect water availability or quality (e.g., rivers, groundwater)?
8. Are measures in place to avoid or mitigate impacts on natural ecosystems?
9. Are there plans to manage air, water, and soil pollution during construction and operation?
10. Is there a waste management plan (e.g., recycling, disposal of hazardous materials)?
11. Does the project produce greenhouse gas emissions, and are there mitigation strategies (e.g., carbon offsets)?
12. Are noise and vibration levels within acceptable limits for nearby ecosystems and communities?

13. Are contingency plans in place for environmental accidents (e.g., spills, fires)?
14. Are there regular monitoring mechanisms to track environmental impacts?

**Checklist for Assessing Social Safeguards**

1. Have local communities been adequately consulted about the project? Are community concerns and feedback integrated into project planning?
2. Does the project impact cultural sites, sacred lands, or archaeological areas?
3. Are there plans to preserve or mitigate damage to cultural heritage?
4. Have Indigenous or traditional knowledge systems been respected and incorporated?
5. Does the project displace people or disrupt livelihoods (e.g., farming, fishing)?
6. Are there measures to avoid negative impacts on existing livelihoods (e.g., agriculture, small businesses)?
7. Does the project create jobs or economic opportunities for local residents?
8. Is there equitable access to project benefits (e.g., employment, infrastructure)?
9. Does the project consider the needs of vulnerable populations (e.g., women, children, elderly, disabled)?
10. Are there measures to prevent discrimination or exclusion based on gender, ethnicity, or socioeconomic status?
11. Does the project exacerbate inequality or poverty in the area?
12. Does the project affect community health (e.g., through pollution, disease vectors)?
13. Are there safety measures for workers and nearby residents during construction and operation?
14. Is access to clean water, sanitation, and healthcare maintained or improved?
15. Is there a grievance redress mechanism for affected communities to voice concerns?
16. Are project stakeholders accountable for social impacts, with clear reporting processes?
17. Are there regular social impact assessments planned throughout the project lifecycle?