

**DEDICATED GRANT MECHANISM
FOR INDIGENOUS PEOPLES AND LOCAL
COMMUNITIES IN NEPAL (DGM Nepal Project)**

**PROJECT OPERATIONAL MANUAL
(POM)**



December 8, 2022

RURAL RECONSTRUCTION NEPAL (RRN)

Abbreviations

CAN	Capacity Needs Assessment
CBA	Community-based Adaptation
CBFM	Community-based Forest Management
CBO	Community-based Organization
CIF	Climate Investment Fund
CPS	Country Partnership Strategy
DGM	Dedicated Grant Mechanism
ENABLE	Enhancing Access to Benefits While Lowering Emissions
EOI	Expression of Interest
ER-P	Emissions Reductions Program
ESA	Environment and Social Assessment
ESCP	Environmental and Social Commitment Plan
ESMF	Environment and Social Management Framework
ESMP	Environmental and Social Management Plan
ESSs	Environmental and Social Standards
FCPF	Forest Carbon Partnership Facility
FFPP	Forests for Prosperity Project
FIP	Forest Investment Program
FM	Financial Management
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GOM	Grant Operation Manual
GRID	Green, Resilient and Inclusive Development
GRM	Grievance Redress Mechanism
GSC	Global Steering Committee
IPDG	International Development Partners Group
IPLCs	Indigenous Peoples and Local Communities
IPs	Indigenous Peoples
LCs	Local Communities
LMP	Labour Management Procedures
M&E	Monitoring and Evaluation
MoFE	Ministry of Forest and Environment
NTFP	Non -Timber Forest Products
NEA	National Executing Agency
NGO	Non-governmental Organization
NRM	Natural Resources Management
NSC	National Steering Committee
PAD	Project Appraisal Document
PDO	Project Development Objective
POM	Project Operational Manual
REDD+	Reduced Emissions from Deforestation and Forest Degradation, Sustainable Forest Management, and Enhancement of Forest Carbon Stocks
REDD IC	Reduced Emissions from Deforestation and Forest Degradation, Implementation Center
REoI	Request for Expression of Interest
RRN	Rural Reconstruction Nepal

SEP	Stakeholder Engagement Plan
SFM	Sustainable Forest Management
SIS	Safeguard Information System
SMEs	Small and Medium Enterprises
TOR	Terms of Reference
UNFCCC	UN Framework Convention on Climate Change
WB	World Bank

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SECTION I: BACKGROUND

1.1 Purpose and Structure of Project Operations Manual

The purpose of the Project Operations Manual (POM) is to establish and maintain a system of project implementation and management procedures to ensure the “Dedicated Grant Mechanism for Indigenous Peoples and Local Communities in Nepal” (DGM Nepal Project) and the associated procedures will be implemented effectively. The POM outlines objectives, components, activities, rules and procedures, as well as the roles and responsibilities of implementing agencies and key stakeholders. The POM provides operational and procedural guidelines for the day-to-day project implementation. There will be a separate Grant Operations Manual (GOM) which will provide details on (i) the grant-making process under Component 2; and (ii) the grant-supported study/training scholarship scheme under Component 1 of the DGM Nepal Project.

The POM was developed in consultation with the National Steering Committee (NSC) for the DGM Nepal Project by Rural Reconstruction Nepal (RRN) as a National Executing Agency (NEA). The POM is a fundamental document and has been consistent with the (i) World Bank (WB) policies and procedures include the Environmental and Social Framework (ESF), (ii) Grant Agreement between RRN and the WB for the DGM Nepal project, (iii) Project Paper (PP) and (iv) Policies and laws of the Government of Nepal. It defines the main leadings and responsibilities for (i) RRN as the NEA, (ii) the National Steering Committee (NSC) for the DGM Nepal Project, (iii) the Government of Nepal (GoN), (iv) the project beneficiaries (Indigenous Peoples and Local Communities (IPs & LCs) organizations (federations and associations), and (v) provincial and local governments. The POM includes the procedures and guidelines to facilitate the management of the DGM Nepal Project. The POM is a living document and will be updated as needed during the lifetime of the DGM Nepal Project in consultation with the National Steering Committee.

The stakeholders involved in implementing the DGM Nepal Project shall adhere to the procedures and guidelines described in the POM. The procedures and provisions in the POM shall apply to all activities that the DGM Nepal Project supports. The POM for the DGM Nepal Project has been prepared to assist the NEA, NSC, project beneficiaries, and other relevant stakeholders in having a clear understanding of the DGM Nepal Project and its implementation in order to achieve the project development objective (PDO).

The objectives of the POM are to:

- Provide clear and concise guidance for effective implementation of DGM Nepal Project.
- Inform stakeholders including institutions, committees, and individuals involved in DGM Nepal project on their roles and responsibilities thereby enhancing the effectiveness and efficiency of project implementation.
- Clarify policies and procedures for the implementation of the DGM Nepal Project to the relevant project stakeholders.

- State general principles for operating the DGM Nepal Project and translate these into operational terms.
- Ensure that the project implementation is consistent with the grant agreement and WB policies and procedures, including the World Bank’s ESF and environmental and social instruments prepared under the DGM Nepal project.
- Ensure that the DGM Nepal Project is aligned with relevant plans and policies of the Government of Nepal.
- Ensure transparency and accountability throughout project implementation, and contribute to achieving the DGM Nepal Project objective within the agreed timeline; and
- Provide operational guidelines, indicating the approved methods, practices, obligations, and authorities, and assist the NEA and the NSC in decision-making related to project activities.

This manual has seven sections:

- i. Background and Context
- ii. DGM Nepal Project Objective and Results Indicators
- iii. Project Description
- iv. Project Implementation Arrangements
- v. Project Implementation Details
- vi. Managing Environmental and Social Risks and Impacts
- vii. Monitoring, Evaluation, and Communication

Similarly, the GOM will complement the POM and will provide detailed guidance on the grant-making process supported under component 2 and the provision of grants under component 1 of the DGM Nepal Project.

1.2 Process for Making Modifications to the Project Operation Manual

The POM shall be regarded as a living document to be referred to during the implementation of the DGM Nepal Project. If there are changes or amendments to the POM content or sections due to changes in project activities, NEA will seek feedback from relevant stakeholders and propose amendments that must be approved by the WB and the NSC. As required, NEA will review and update the main principles, policies and procedures of the POM. In case of an amendment, the revised version of the POM will replace the previous one. NEA will adhere to the following process for amending the POM:

- NEA will revise the POM as needed;
- NEA will translate the relevant sections or parts thereof in Nepali language and provide them to the NSC and the WB for review and comments;
- NEA will submit the modified POM and justification letter to the NSC and to the WB for approval;
- NEA will obtain no-objection from the World Bank for the amended version of POM to be effective; and
- Once approved, a revised version of the POM (dated) will be circulated and brought into effective execution. The revised (dated) POM will be posted on the DGM Nepal Project website.

1.3 Strategic Context

The DGM is a special initiative under the Forest Investment Program (FIP). Established in 2009, the FIP is a targeted program under the Strategic Climate Fund of the Climate Investment Funds to support developing countries' REDD+ efforts providing up-front bridge financing for readiness reforms and public and private investments. The FIP builds on national REDD+ readiness efforts, while considering opportunities to help countries to support sustainable forest management (SFM) and adapt to the impacts of climate change as well as to contribute to multiple other benefits, such as biodiversity conservation, protection of the rights of IPs & LCs, poverty reduction and rural livelihoods enhancements. To specifically support forest-dependent IP & LC groups, the governing body of the FIP agreed to the establishment of a Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (DGM) to complement the larger FIP investment operations.

The DGM aims at building the capacity of IPs & LCs for their effective and meaningful participation in the implementation of the FIP at country level. Therefore, the DGM Nepal Project focuses on improving the capacity of Nepal's IPs & LCs to participate in national, regional and global REDD+ processes and for the sustainable management of forests, to create livelihood opportunities, and increase the income of forest-dependent communities, in Madhesh and Lumbini Provinces. The beneficiaries of the DGM Nepal Project are IP & LC individuals and organizations that depend on forests, including disadvantaged and vulnerable people, such as women and Dalits, in areas where the project will be implemented. The project has three components: (a) Capacity building for IPs & LCs on REDD+ and SFM; (b) Competitive Grants; and (c) Project management, monitoring, and knowledge. The DGM Nepal Project will be implemented over the five (5) years.

The POM describes the details of the DGM Nepal Project such as policies and procedures to guide the preparation, inception, implementation, and completion of the project. More specifically, it includes the policies and procedures for implementation and descriptions of project administrative tasks such as: secretariat functions for the NSC, coordination, collaboration with Ministry of Forests and Environment (MoFE) and other stakeholders, procurement processes, financial management, and defining the implementation modalities for the technical aspects of the project. The POM serves as a detailed and comprehensive guideline for the implementation and overall management of the DGM Nepal Project.

1.4 Sectoral and Institutional Context

The forest sector and broader forest agenda in Nepal have the potential to significantly contribute to a green, resilient and inclusive development (GRID) of the country as it provides opportunities for improving forest conditions while harnessing forest resources for new and improved jobs, poverty reduction, and contributions to climate adaptation, mitigation and resilience. Similarly, in response to the impact of COVID-19 on the economy, the Government of Nepal has developed a Relief, Recovery, and Resilient (3R) vision, focusing on achieving urgent relief from adverse impacts of COVID whilst setting the foundation and investments for a long-term green and transformational growth. The 3R vision recognizes the interlinkages between growth, poverty reduction, and climate change, as it seeks to create green jobs based

on natural capital and environmental benefits.

Although Nepal is richly endowed with forest resources, productivity in the forest sector is low. The forest-based private sector is poorly developed, with the country importing a significant amount of wood products. Overharvesting, combined with unsustainable practices, results in suboptimal outcomes in the sector, including forest degradation. Officially reported harvests of round wood average about 60,000m³/yr¹. During the past 30 years, successful community-based forest management (CBFM) has been the key to reversing deforestation and forest degradation, and there is a strong inter-relationship between bio-cultural systems, customary and sustainable use of forests, and traditional knowledge of Indigenous Peoples (IPs) and local communities (LCs) in Nepal. It is estimated that 1.2 million m³ of fuelwood and 900,000 m³ of timber could be sustainably harvested annually, generating employment opportunities for 4.8 million people. The GoN intends to hand over additional forest areas to IPs & LCs for sustainable forest management. Many landless and smallholders have expressed interest in joining or creating new forest user groups (FUG) to diversify income sources and support SFM, however administrative burdens are often challenging, and technical support is limited. Forest-based Small and Medium Enterprises (SMEs) could generate more than US\$8.7 billion/yr and 1.38 million workdays through 400,000 sustainable full-time green jobs. Yet, small-scale entrepreneurs are poorly integrated, and have no access to modern technology to reduce waste, increase the value and quality of their products and reduce imports. The development of SMEs is constrained by complex, lengthy, and incomplete regulatory requirements. Increasing forest productivity and further expanding local forest-based enterprises and jobs through Community Based Forests Management (CBFM) and forest product value addition will be crucial for building back better and greener Nepal post-COVID-19.

The government's forest sector strategy and policy have the goal of increasing the contribution of the country's forests to national prosperity and climate change mitigation. The National Forest Policy (2019) expresses Nepal's vision as one where the "potentials of forest ecosystems, biodiversity and watersheds are fully optimized for peoples' prosperity. Consistent with this vision, the MoFE prioritizes using SFM as a tool for achieving "forests for prosperity." This tool emphasizes the sustainable management of forest ecosystems and watersheds through a decentralized, competitive, and well-governed forest sector providing inclusive and equitable incomes, employment, and development opportunities. In Nepal's Forestry Sector Strategy 2016-2025, Nepal has committed to enhancing forest carbon stocks by 5%² by 2025. In its Second Nationally Determined Contributions (NDC) 2020, Nepal further targets reducing greenhouse gas emissions from deforestation and forest degradation rate by 0.05% from existing 0.44% in the Terai region and 0.1% in the Churia region. Furthermore, the Government of Nepal has given high priority to the implementation of the REDD+ strategy and supporting sustainable forest management and conservation. Nepal's endeavors on REDD+ were started with REDD Readiness Plan Idea Note (R-PIN) submitted to the Forest Carbon Partnership Facility (FCPF) of the World Bank in March 2008. Similarly, a series of activities contributed to the development of Nepal's National REDD + Strategy which was approved by the Ministry of Forest and Environment on April 19, 2018. To advance the development and effective implementation of REDD+, the MoFE has set up 3 tiered

institutional mechanisms: 1. Apex body-REDD+ multi-sectoral and multi-stakeholders coordinating and monitoring committee, 2. REDD Working Group and 3. National REED Center as Coordinating entity.

The Constitution of Nepal mandates a major transformation of forest sector governance. The Local Government Operation Act (2017) brings the management of community forests under the jurisdiction of local governments, implying that local authorities in 753 urban and rural municipalities can formulate and/or modify policies and laws to realize local rights, grant access to natural resources and provide financial support to community forests and local forest sector development. The Constitution has also created new opportunities for enhancing forest governance by (i) strengthening local level accountability and responsibility, and (ii) tailoring regulatory provisions to meet the needs of the provinces. Provincial governments can develop policies and regulations to collect taxes and share revenues from natural resource use. As part of the federalization process, the Federal Government has recently passed a Federal Forest Act (2019) and Provincial and Local Governments are now expected to follow suit by developing their legislation and regulations that reflect their new roles. The DGM Nepal project will also follow the forest related provincial legislations, acts, regulation and strategy. Technical, administrative, and managerial capacity needs to be established at all levels. Civil society organizations, NGOs, communities, and the private sector also need to understand their new roles, responsibilities, and opportunities. The procedures and protocols to transfer forests to CBFM groups for their use and management under the new 3-tier federal government are clarified in the 2019 Forest Act.

Nepal is a socio-culturally diverse country, but IPs and forest dependent LCs still need to have their user rights over resources and territories secured, and their customary institutions and the continuation of their traditional livelihoods and cultural practices better recognized. There are 125 caste and ethnic groups in the country of which 59+1 (Rana Tharu has been included in the IPs list) are ethnic groups categorized as IPs (37 percent) (*Adivasi Janajati* - indigenous peoples or indigenous nationalities), and there are 26 castes (about 13 percent) which are classed as Dalit (CBS, 2011; CBS, 2014). Despite the efforts of the GoN, IPs and some traditional LCs in Nepali society continue to be marginalized in terms of their representation in CBFM groups and in the forest agenda more widely, including their access to natural resources, involvement in decision-making, leadership representation, and equitable benefit sharing. A recent United Nations study³ shows that at a global level while only 10 percent of the indigenous territories are legally recognized, IPs contribute to the protection of more than 80 percent of the world's biodiversity.

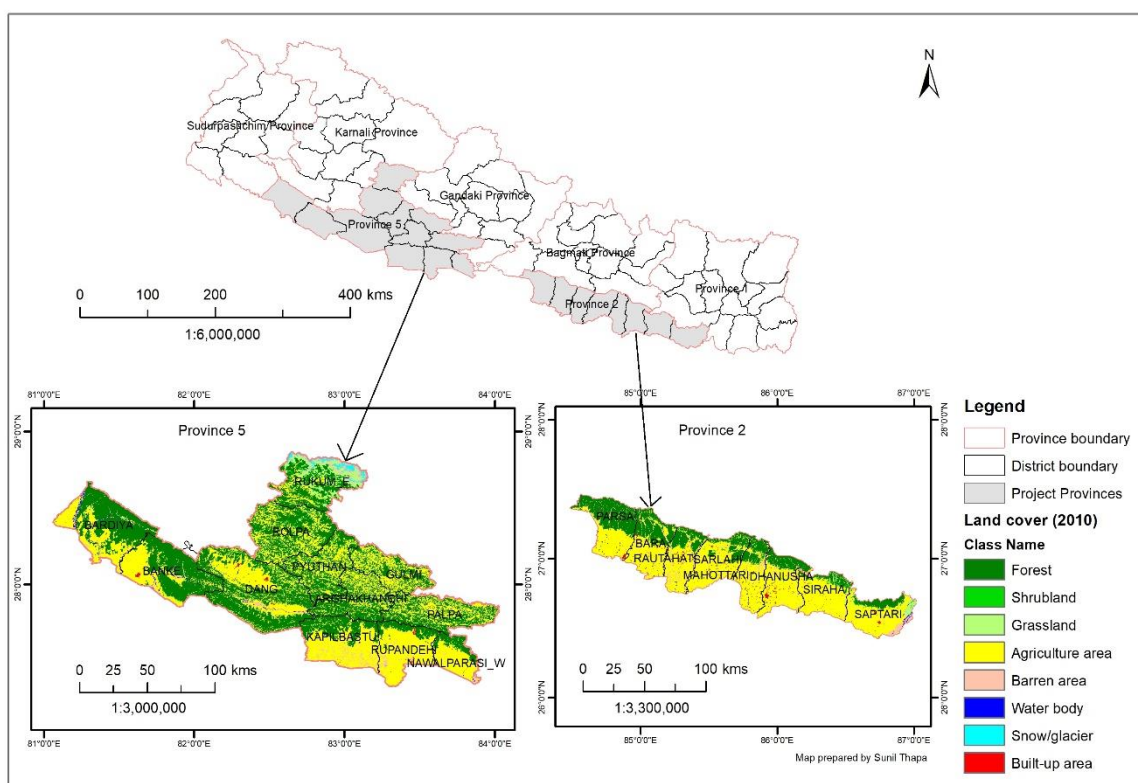
SECTION II: DGM PROJECT OBJECTIVES AND INDICATORS

2.1 National Nepal REDD+ Strategy and higher-level objectives

The National REDD+ Strategy (2018) reports that in the past 50 years significant forest area was converted to agricultural land, degraded to shrubland, or deforested for other purposes like roads and settlements. It also highlights that the natural forest areas have been decreased by an

³ <https://www.indigenouspeoples-sdg.org/index.php/english/>

average of 1.7 percent per annum. Similarly, the forest resource assessment conducted during 2010-2014 reported that the forest area has increased by 2.33 percent per annum while shrub/other wooded land decreased by 3.44 percent per annum (DFRS 2015). The National REDD+ Strategy also identifies at least nine drivers of deforestation and forest degradation, including unsustainable harvesting, encroachment, overgrazing, forest fire, unplanned infrastructure development, and invasive species. Similarly, deforestation and forest degradation directly affect the livelihoods of many people, mostly forest-dependent poor people, indigenous people, and local communities. Hence, there is an urgent need to address deforestation and forest degradation and reduce emissions from deforestation and forest degradation including the promotion of conservation, sustainable forest management that directly contribute to enhancing carbon stocks.



Map A : Locations of DGM Nepal Project: Madhesh and Lumbini Provinces

In 2018, the Ministry of Forest and Environment (MoFE) approved the National Nepal REDD+ strategy with a view to manage the country’s forests for national prosperity as well as the commitment to Multilateral Environment Agreement (MEAs) including the decisions of UN Framework Convention on Climate Change (UNFCCC) on REDD+. The MoFE has set up an institutional mechanism for REDD+ implementation at the federal, provincial, and local levels.

The first draft of the National REDD+ Strategy was produced in 2014, followed by a series of local, subnational and national level consultations held across the country in all physiographic regions and with relevant stakeholders. These consultations resulted in the second draft of the strategy. The purpose of this National REDD+ Strategy is to guide the development of a set of

policies and programs that address the drivers of deforestation and forest degradation, which ultimately improves the carbon sink capacity of Nepal's forests.

The DGM Nepal Project will be crucial in ensuring complementarity with the Emissions Reduction Program for the Terai Arc Landscape and the Forests for Prosperity Project. In the provinces of Madhesh and Lumbini, the DGM Nepal Project will take the lead in launching a number of REDD readiness initiatives, including tenure rights, access to traditional forest resources, carbon rights, forest governance, benefit distribution, and safeguards with and among forest dependent IPs and LCs.

2.2 Contribution of the DGM Project to higher level objectives

The DGM Nepal Project:

- will contribute broadly to the objectives of Nepal's National REDD+ Strategy. It is also part of the larger forest landscape engagement for Nepal, which includes the Forest for Prosperity (FFP) project, the Emissions Reductions Program for the Terai Arc Landscape (ER-P) and the REDD+ Readiness project;
- is consistent with the WBG Country Partnership Framework (CPF) ((2019-2023) which focuses on short and medium-term needs including the COVID-19 crisis and long-term sustainable development objectives. The DGM Nepal project specifically focuses on area III (Inclusion and Resilience); and
- embraces the green resilient and inclusive development (GRID) approach adopted by the GON and International Development Partners Group (IPDG) for long term sustainable development and, responding to the crisis of Covid-19 and climate change. By developing capacity of IPs and LCs on climate change, REDD+ and sustainable forest management, DGM Nepal Project will add values on Nepal's Long-term Strategy leading to a carbon-neutral, inclusive, and climate resilient future.

2.3 Project Development Objective:

The Project Development Objective (PDO) of DGM Nepal is to strengthen the capacity of targeted Indigenous Peoples and local communities to participate in Nepal's REDD+ processes at the local, national, and global levels.

The spirit of the DGM is a collaborative approach in design and implementation. The DGM Nepal Project objective is consistent with the interests and aspirations of IPs & LCs expressed in the DGM Design Proposal and the DGM Framework Operational Guidelines. For this, the project follows an overarching approach to leave enough room for the selection of activities based on the principle of demand-driven interventions and identified through an extensive participatory and representative process led by the NSC which is the nature and essence of the DGM. The main objectives of the global DGM program are to support IPs & LCs capacity building to play a greater role in forest-related, including REDD+ decisions at the country and international levels.

The DGM Nepal Project seeks complementarity with the Forests for Prosperity Project and the Emissions Reductions Program (ER-P) for the Terai Arc Landscape, as well as the Enhancing Access to Benefits While Lowering Emissions (EnABLE) initiative. The geographic area targeted by the DGM Nepal Project (i.e. Madhesh and Lumbini Provinces) is the same area covered by the Forests for Prosperity project supported under the FIP and intersects with the area of the ER-P supported under the Carbon Fund of the Forest Carbon Partnership Facility (FCPF) and with EnABLE. IPs & LCs from other provinces, however, may participate in capacity-building activities offered under component 1 of the project to address their capacity needs.

The DGM Nepal Project will specifically:

- strengthen the voice, governance, and institutional capacities of individuals and representative institutions of forest-dependent IPs & LCs, especially at the local level, including in Community Forests User Groups (CFUGs);
- enhance positive impacts, including skills and developing the capacity of IP & LC to follow established processes for recognizing customary governance systems, including forest use and management rights, and improved livelihoods and green jobs for IPs & LCs from forest-related activities;
- enhance the working relationship between IPs & LCs with local-level institutions (especially CBFM groups), local governments, youths and frontline forest workers and NGO service providers; and
- coordinate with the Forests for Prosperity project, the ER-P, and EnABLE to ensure that project activities are complementary and mutually enhancing each other.

Since the project will directly benefit forest-dependent IPs & LCs by enhancing their resilience and offering small-scale business (forest and non-forest based) and employment opportunities, the project will directly contribute to the GRID agenda in the context of the COVID-19 recovery efforts in Nepal.

2.4 Project Beneficiaries

The main beneficiaries of the DGM Nepal Project are forest-dependent IPs & LCs organizations and individuals from Madhesh and Lumbini Provinces. IPs & LCs organizations and individuals from other provinces may also benefit under Component 1 of the project. The targeted beneficiaries will be selected based on a set of criteria, regardless of whether they belong to the organizations represented in the NSC. The selection criteria are elaborated in section 5.1.3.2 Eligibility Requirement.

In fact, the IPs & LCs are more than “beneficiaries” of the project. They are the proponents of the project and the prime movers of its design. During implementation, they will preside over the use of the grant resources in Nepal with a view to achieve the objective of the DGM Nepal project. The DGM Nepal Project recognizes that there are important socio-cultural and economic differences between IPs & LCs and these will be respected during implementation, while at the same time ensuring that the project is inclusive and reaches out to historically underserved traditional local communities (marginalized communities) – both Indigenous and non-Indigenous.

The reference to Indigenous Peoples (IPs) in the project is based on the World Bank’s Environment and Social Standard (ESS) 7⁴ - the term “Indigenous Peoples” (or as they may be referred to in the national context using an alternative terminology) is used in a generic sense to refer exclusively to a distinct social and cultural group possessing the following characteristics in varying degrees:

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

Local communities (LCs) generally represent the dominant culture and usually share their social traits, values, norms, and languages. They often lack a political voice and are marginalized, living in remote locations with limited access to economic opportunity and development. For these reasons the DGM Nepal Project will work with forest-dependent LCs as well as IPs.

A special social small-grants window under component 2 (grant-making) may be considered for targeting IPs & LCs that are especially marginalized and currently limited in terms of their capacity to benefit from existing opportunities to engage in SFM and the wider REDD+/forest policy dialogue in Nepal.

Women will be given priority as project beneficiaries and activities will be designed based on gender assessments done under the REDD+ Readiness project. Focusing the women as key project beneficiaries will help to remove barriers to women’s ownership and control of assets. The DGM Nepal Project also aims at enhancing women and youth’s voice and participation through funding for self-managed enterprises and promoting their inclusion in the governance structures of targeted IPs & LCs groups. Considering existing strong evidence, one of the key themes the project will address is securing customary forest use and management rights for IPs & LCs, with a special focus on women overcoming gender exclusion and enhanced opportunities for proactively supporting forest-based activities that may offer opportunities to women. Results measured through the Results Framework (RF) indicators will include outcomes disaggregated by gender. The project is aligned with the World Bank Group Gender Strategy.

2.5 Project Results Indicators

The Project has three indicators

- *Indicator 1:* Beneficiaries with increased role in the FIP and other REDD + processes at local, national or global levels. (% , disaggregated by gender and indigenous/non-indigenous group)
- *Indicator 2:* People in targeted forest and adjacent communities with increased monetary or non-monetary benefits from forests. (#, disaggregated by gender and indigenous/non-

⁴ [World Bank Environmental and Social Framework](#). Washington, D.C. 2016

indigenous group)

Indicator 3: Beneficiaries perceive DGM governance and processes as transparent and inclusive. (% , disaggregated by gender and indigenous/non-indigenous group)

SECTION III: PROJECT DESCRIPTION

The DGM Nepal Project has two complementary interlinked technical components and one component on project management. Component 1 is designed to increase the capacity of IPs & LCs to engage in national, regional and global REDD+ processes and to enhance their traditional livelihoods from sustainable agro-forestry-based activities, to follow established processes for securing forest use, and management rights, and to improve their customary governance systems. Nepal's Constitution requires significant capacity building not only of the different public institutions operating in the forest sector but also forest-dependent IPs & LCs. Similarly, Component 2 offers small grants to engage eligible beneficiaries in exploring innovative livelihood and green job opportunities from forest-related activities, including forest-based SMEs; and reducing pressures on forests by diversifying income sources. The project management, monitoring, and knowledge sharing component will ensure that the project is managed consistently with World Bank policies including in line with the World Bank Environmental and Social Standards (ESSs), results are monitored and reported on, and Nepal's IPs & LCs' DGM experience is well documented and disseminated in Nepal, the region, and globally.

3.1 Project Components

Component 1: Capacity building for IPLC for SFM (US\$1.5million).

DGM Nepal Project Component 1 aims at building the capacity of IPs & LCs to fully participate in Nepal's and global REDD+ and forest policy processes and dialogues; while at the same time improve their skills and management capacities for SFM (including value addition) and to follow established procedures for securing forest use and management rights as part of customary governance and traditional and cultural practices. IPs & LCs capacity will be developed to participate in the implementation of the agreed policies and measures related to Nepal's REDD+ process.

In the context of the ongoing federalization process and the resulting change in the decision-making process on natural resources, including forests, the DGM Nepal Project will support the involvement of IPs & LCs in the respective local government (Palikas), project districts and also in ongoing policy dialogue and decision-making processes related to REDD+ and forests at all 3 levels of government.

Sub-component 1.1: Providing technical assistance for capacity building of IPLCs.

The sub-component 1.1 will provide technical assistance for capacity building of IPs & LCs through organizing knowledge-sharing activities led by IPLCs' representatives and/or experts on topics such as REDD+ and SFM, SFM planning, improving the productivity of forests under community-based forest management, improving the quality of timber and non-timber forest

product (NTFP), adding value to timber and NTFP, successfully accessing markets and financial services, conducting inventories on NTFP, addressing gender-inequalities and providing forest-relevant alternative livelihood opportunities to reduce pressure on forests.

The Subcomponent 1.1 will focus on building the capacity of IPs & LCs including the promotion of established procedures for securing the use and management right of community forests with the promotion of traditional livelihoods and customary governance. A series of appropriate training and awareness-raising events, exchange visits and workshops will be organized to enhance the skills and knowledge of IPs & LCs. Such activities will be organized based on a capacity needs assessment. This subcomponent will also focus on providing capacity building and knowledge-sharing activities on (i) SFM, including forest-relevant alternative livelihood opportunities to reduce pressure on forests, and (ii) opportunities provided by local and provincial governments and the private sector to formally engage in forest-based activities.

IPs & LCs will be provided capacity building on technical topics such as SFM, SFM planning, improving the productivity of forests under CBFM, improving the quality of timber and non-timber forest products (NTFP), adding value to timber and NTFP, introducing livelihood schemes that reduce forest-based resources (firewood, timber, NTFP). Lack of skilled human resources and of appropriate technologies are major bottlenecks for building up microenterprises and developing better livelihood options on the part of IPs & LCs. Hence, this sub-component will also introduce appropriate technologies and good practices. Linking IPs & LCs to associated business communities, enhancing successful and sustainable access to markets and financial services for the products to be developed and promoted by IPs & LCs will be important. The skilled/trained IPs & LCs and members will be linked up with respective commodity associations, cooperatives, and federations wherever possible. Conducting forest inventories, mapping of forest areas and resources, needs assessments and related events will be led by experienced IPs & LCs representatives (if expertise is available), and if needed, conducted by other national or international experts on relevant subject matters.

It is anticipated that under this sub-component, approximately 25 exchanges will be carried out throughout the lifetime of the project. NEA, in consultation with the NSC, will invite members of IPs & LCs organizations from Lumbini and Madhesh Provinces and other provinces to benefit from these capacity development activities. Under this sub-component, the project would also offer scholarships to individuals from vulnerable and marginalized IPs & LCs, including women for technical and vocational training colleges to enhance their technical skills to be employed in the forest sector or run their businesses. Training opportunities will be supported mainly within Nepal but if needed, training opportunities outside Nepal can be provided /organized if justified.

The following are major activities planned under subcomponent 1.1:

- Organize mapping/identify eligible members/groups/ clusters including community forest user groups of IPs & LCs both in Madhesh and Lumbini Provinces and prepare a database of IPs & LCs as project beneficiaries.

- Conduct a Capacity Need Assessment (CNA) to identify the knowledge gaps of IPs & LCs e.g. on Nepal's and global REDD+ processes, existing gaps, level of participation in policy dialogue, decision-making processes related to REDD+ and forests; on SFM, forest-relevant value chain addition, and on business establishment and management. Based on the CNA, a capacity building plan will be developed which will be the basis for all related events.
- Mapping of customarily managed forest area (inside and outside CBFM), SFM (i.e. Mapping and Inventory, plan preparation, Silviculture management, sustainable production, and utilization) and review the gaps and challenges to apply the established procedures for securing use and management rights in line with customary governance systems of IPs & LCs.
- Mapping of potential SMEs, traditional livelihoods, NTFP based enterprises, and Eco-tourism from sustainable forest-based activities. Mapping of potential and existing IPs & LCs platforms at the local and provincial levels.
- Mapping of potential financial service providers, local cooperatives, potential NTFP and forest-based enterprises market, programs of the local and provincial government for increasing access of IPs & LCs to markets and financial services.
- Based on the mapping and need assessment, develop a training manual. Provide capacity building training to IPs & LCs on technical topics such as SFM, SFM planning, improving the productivity of forests under CBFM, improving the quality of timber and NTFP, adding value to timber and NTFP, successfully accessing markets and financial services, conducting inventories on NTFP and building associations.
- Organize training, workshops, and capacity-building activities to improve IPs & LCs capacity to gain in-depth knowledge on REDD+ and SFM, Climate Change, GHGs, as well as to recognize and streamline IPs' traditional livelihoods and customary governance and practices in sustainable management of forest.
- Organize knowledge sharing /exchange visits within and between provinces to share success stories, network buildings and for enhancing collective action on SFM and REDD+.
- Organize study /identify appropriate technical and vocational training schemes as a requirement to youths of IPs & LCs.
- Provide scholarships to individuals from vulnerable and marginalized IPs & LCs, including women for technical and vocational training colleges to enhance their technical skills to be employed in the forest sector or run their businesses/microenterprises.
- Organize and support market promotion activities for forest goods (wood and non-wood).
- Conduct study on and identify appropriate technologies and skills required for IPs & LCs for the promotion of forest-based small and micro-enterprises.

The beneficiaries of subcomponent 1.1 will be members of IPs & LCs, Community Based Organizations (CBOs) or members from CBOs, cooperatives, and the members from

cooperatives or individuals. The project will organize the mapping /study of IPs & LCs and prepare a database with potential project beneficiaries. The database will be prepared in consultation with respective Palikas and local IPs & LCs.

NEA will hire a consultant/firm to conduct:(a) technical capacity needs assessment (b) mapping exercise of customarily managed forest area (inside and outside CBFM), (c) capacity-building training, study, and researches; and (d) stocktaking of gaps and challenges to follow established processes for securing use and management rights in line with customary governance systems of IPs & LCs. The sub-component would be closely coordinated with components 2 and 3 of the Forests for Prosperity project as (i) improved technical capacities of IPs & LCs are needed to engage in the forest-based private sector, and (ii) following established procedures for securing user and management rights for IPs & LCs would be the first step for handing over additional government-owned forests as per 2019 Forest Act.

Sub-component 1.2: 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.

This sub-component will provide technical assistance for capacity building and training activities focusing on skill development and a better understanding of government and global processes and policies related to REDD+ and forests. NEA, in consultation with the NSC, will invite representatives from local governments, Ministry of Industry, Tourism, Forests and Environment (MoITFE) in Madhesh and Lumbini Provinces, MoFE and other ministries as well as academic institutions, Think Tanks, and law firms, etc. to share the information e.g. on the institutional and legal framework for Nepal's forest sector, existing stakeholder engagement fora and build capacity e.g. on how to engage in meaningful dialogues on forest governance with the federal 3-tier government and on REDD+/SFM process at the global level. Through this activity, NEA will ensure that IPs & LCs are aware of ongoing processes and existing structures relevant to forests and the forest sector and are enabled to engage in these processes in a timely and informed manner. This sub-component will be closely coordinated with component 1 of the Forests for Prosperity project which focuses on supporting the federalization process of the forest sector and associated capacity development of the relevant government entities. The target group of these subcomponents are mainly representatives from Palikas (local government), officials from the MoFE, Ministry of Industry, Tourism both at federal and provincial levels.

More specifically, the following key activities will be carried out under subcomponent 1.2.

- Study /organize workshops/ mapping to identify the needs of capacity buildings, training, skills development, and exposures on the part of local government, officials from MoFE, Ministry of Industry and Tourism, and other related.
- Mapping of the institutional and legal framework for Nepal's forest sector within federal, provincial and local governments, stakeholder engagement at local, provincial, national, and global level on REDD+ policy process and dialogues.
- Based on the mapping organize a provincial and national level workshop with local government, provincial ministries, and other stakeholders, to share information on the

institutional and legal framework for Nepal's forest sector, existing stakeholder's engagement, and how to engage in meaningful dialogues on forest governance with the 3-tier government and REDD+/SFM process at the global level. Following listed points will be the main activities carried out under subcomponent 1.2.

- Policy dialogue with IPs & LCs at the local, provincial and federal levels on REDD+ /SFM.
- Exposure visits and knowledge sharing for IPs & LCs on the implementation of REDD+ and SFM.
- Participation in workshops, and conferences on REDD+, SFM issues, and its best practices;
- Collaboration and capacity building of local and provincial governments on successful implementation of REDD+, SFM.
- Further enhancing the partnership and interaction with provincial governments.
- Media campaign/mobilization on REDD+ and SFM.

Component 2: Competitive Grants (US\$2.1 million).

Component 2 will be implemented in close collaboration with the Forests for Prosperity project in 50 municipalities of 10 districts within Madhesh and Lumbini provinces (list of selected municipalities where FFPP is under implementation is in Annex I) to ensure complementarity, support synergies, and avoid duplication, especially on the promotion of SMEs and access to finance. Under this component, small grant support will be provided to the forest-dependent IPs & LCs for green jobs and income generation activities. A competitive small grants mechanism will provide resources to forest-dependent IPs & LCs for the development and promotion of SMEs on agro-forest-based schemes. Basically, the grants will be disbursed using two approaches (i) Community /organized scheme and (ii) Individual scheme. Under the community scheme, the local CBOs, IPs and LCs organizations/associations, locally registered NGOs, cooperatives, who will be promoting climate-resilient SMEs will be provided small grants. Similarly, individual entrepreneurs from IPs & LCs will be also eligible to receive small grants with the same nature of activities and if they meet the criteria set by the project. A preliminary list of possible activities/schemes has been already identified and some additional or new schemes will be also included as needed and feasibility during the implementation of the project.

The small grants mechanism will support the following broad themes:

- Innovative agro-forest-based green jobs;
- Improvement and promotion of forest-relevant traditional knowledge and skills as part of income generation activities and traditional livelihoods;
- Income generation activities based on agro-forest products (timber and non-timber) from sustainable management;
- Innovative solutions to address human-wildlife conflicts (such as ICT applications and monitoring, control, and surveillance);
- Innovative solutions to product development in forest-based SMEs; and
- Development and promotion of technologies for the development of forest-based SMEs.

Considering the 5 years implementation period, the small grants mechanism will be available to both individual and group levels (cooperatives, CBOs (including IPs and LCs networks and associations), local NGOs, or other organized sectors). The small-grants mechanism procedures are further detailed in the GOM.

Sub-component 2.1: Supporting forest-dependent IPLCs with Competitive Grants to finance IPLC-led, SFM-based, income-generating Sub-projects, including Sub-projects empowering women

Under this Subcomponent 2.1, sub-grants or small grant support will be provided through a competitive small grants mechanism to the eligible IPs & LCs, including youth migrant returnees for activities based on Request for Expression of Interest (REoI) issued by NEA on behalf of the NSC. The received proposals under each REoI will be assessed against established criteria, including (a) improve people's livelihoods; (b) strengthen the participation of IPs & LCs in SFM; (c) generate multiple additional benefits, such as climate change mitigation and adaptation, biodiversity conservation and other nature-based solutions or ecosystem services; (d) be socio-economically feasible; (e) reach multiple beneficiaries; (f) have evidenced broad community support; (g) promotion of indigenous traditional skills and livelihoods; and (h) be innovative. Additional criteria may be added depending on the scope of the REoI. A sub-window will be set to manage small grant programs, which will be (i) a community scheme and (ii) an individual scheme. Proposals also need to demonstrate that the proposed activities will complement the activities supported under the Forests for Prosperity project.

A total of 4 REoI are anticipated throughout the lifetime of the project in the interval of 6-9 months. The GOM will further detail the grant-making mechanism including the grant-making process, eligibility criteria, and roles and responsibilities in decision-making. The grants will be used for paying for goods (e.g. materials, equipment for small-scale processing) and works (e.g. technicians/ workers) necessary to implement the approved sub-projects and achieve their objectives.

It is expected that a total of about 200 sub-projects will be approved. It is planned that there will be 100 sub-projects implemented in each province to promote, introduce mostly forest and forest-relevant SMEs. The small grants will be provided in the range of US\$ 5,000 to US\$ 45,000 per sub-project. The recipient has to add at least 25 % cash or in-kind contribution to the budget of the sub-project. The contribution is necessary for resource mobilization and also the sustainability of the SMEs planned to be supported by the DGM Nepal Project. Generally, a larger amount of the small grant support will be provided to the communities/groups but also individuals may receive larger grants if they meet criteria set in the REoI. Under this component, the following technical assistance and activities will be conducted, and a detailed list of potential activities is presented in Annex II.

Based on the eligibility criterion specified in each REoI, small grants could finance traditional livelihoods, forest-based SMEs, innovative forest-based green jobs, IGA program on NTFP and small-scale processing plant, IGA program on small cottage industry on furniture, agro-forestry nursery, Indigenous skill-based enterprises, water harvesting pond, and agro-forestry,

riverside green belt restoration and ecotourism development. Overall, the sub- projects will focus on improving people’s livelihoods, strengthening the participation of IPs & LCs in SFM, and generating multiple additional benefits (climate change mitigation, adaptation, biodiversity conservation, ecosystem services)

Market promotion supports such as branding of the products, participation in fairs to demonstrate the products, market linkages, branding as “green growth”, “go green”, “Indigenous and Own Products” and other appropriate market promotion events will be organized for the products coming from SMEs run by IPs and LCs. The business community may also be included and partly supported for the promotion of such products.

A sub-window under a REoI will be developed to provide dedicated funding and opportunities to marginalized IPs & LCs who are forest dependent and practice traditional livelihood practices.

Sub-component 2.2: Providing technical assistance to eligible IPs and LCs 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.

Under this Sub-component 2.2, technical assistance will be provided to potential sub-grantees, who have submitted sub-grant proposals, with a view to developing their capacity for effective project implementation and management. IPs & LCs beneficiaries of 200 sub-projects (grantees) including youths will be provided technical and management assistance as needed to run the SMEs they will set up with the support of the DGM Nepal Project. Beneficiaries will be trained, and their capacity built for the development of the business plan, and the management of the small and micro-enterprises that will be set up under sub-component 2.1. Under this component the following technical assistance and activities will be conducted;

- Organize workshops to help develop preselected innovative ideas into full proposals eligible for funding. The workshops will be organized by NEA as part of REoIs directly after an initial assessment of all preselected proposals to identify technical gaps that need to be addressed.
- Provide training and follow up on the development and implementation of business plans for small grant recipients.
- Provide continuous technical backstopping to sub-grantees to ensure the successful implementation of the sub-project. Regular technical backstopping will assess the progress towards achieving the sub-project objective, identify problems and challenges and provide realistic solutions.
- Organize workshops with the identified potential financial service providers, local cooperatives, potential NTFP and forest-based enterprises market, programs of the local and provincial government for increasing access of IPs & LCs to markets and financial services.

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

Component-3 will support the efficient management, effective implementation as well as participatory monitoring and evaluation (PM&E) of the project. This component will finance the incremental operating costs of NEA for the effective and efficient management of the project, i.e. incremental expenditures incurred on account of management, implementation and monitoring of the DGM Nepal Project, including, but not limited to, operation and maintenance of vehicles and office equipment, fuel, office supplies, communication, utilities, consumables, office rental and maintenance, bank charges, advertising expenses, travel expenses (including per diems, accommodation), and salaries, allowances and benefits of selected contracted staff.

This component will help to establish and operate a monitoring and evaluation mechanism, with an active engagement of local communities, sub-grantees, various stakeholders and provide a platform to share the progress and process of the DGM Nepal Project. Along with tracking the performance of the project, the M&E system will help to identify the good practices, success stories and will inform a wider section of the community.

Grievance Redressal Mechanism: The implementation of the project grievance redressal mechanism to address and resolve grievances, as well as communications and other feedback mechanisms and processes under this component will ensure the transparency, accountability and learning of the project, as well as continuous engagement and dialogue with target beneficiaries and other stakeholders. A clear channel to inform the NSC and NEA of any grievances received will also be developed. NEA will appoint a focal person to monitor and respond to concerns raised, and the NSC will form a committee to address grievances as required.

3.2 Project Financing

The financing for the DGM Nepal Project is through the Forest Investment Program, a targeted program under the Strategic Climate Fund. The project will finance the activities that are identified and prioritized by the IPs & LCs to better position them in the national and global dialogues on REDD+ and the sustainable management of forest resources. The DGM Nepal project is financed through a grant in the amount of US\$4.5 million and is structured as detailed below.

Project Components	Project cost (US\$)
Component 1	1.5 million
Component 2	2.1 million
Component 3	0.9 million
Total Project Costs	4.50 million

SECTION IV: PROJECT IMPLEMENTATION ARRANGEMENTS

4.1 Institutional and Implementation Arrangements

The NSC will have the strategic oversight for the DGM Nepal project. Under the guidance of NSC, and support of the World Bank, RRN will be the implementing agency as National Executing Agency (NEA) for the project. As needed and agreed, specialist consultants/ short-term consultants, trainers, and technical experts will be hired to conduct various training, orientations, and for different services to support the effective project implementation. As part of implementation support, the WB will assess on a regular basis (i.e. twice a year) the likelihood that the project will achieve its objective, implementation progress, overall project management and the performance related to procurement, financial management, environment and social standards guidance; and M&E.

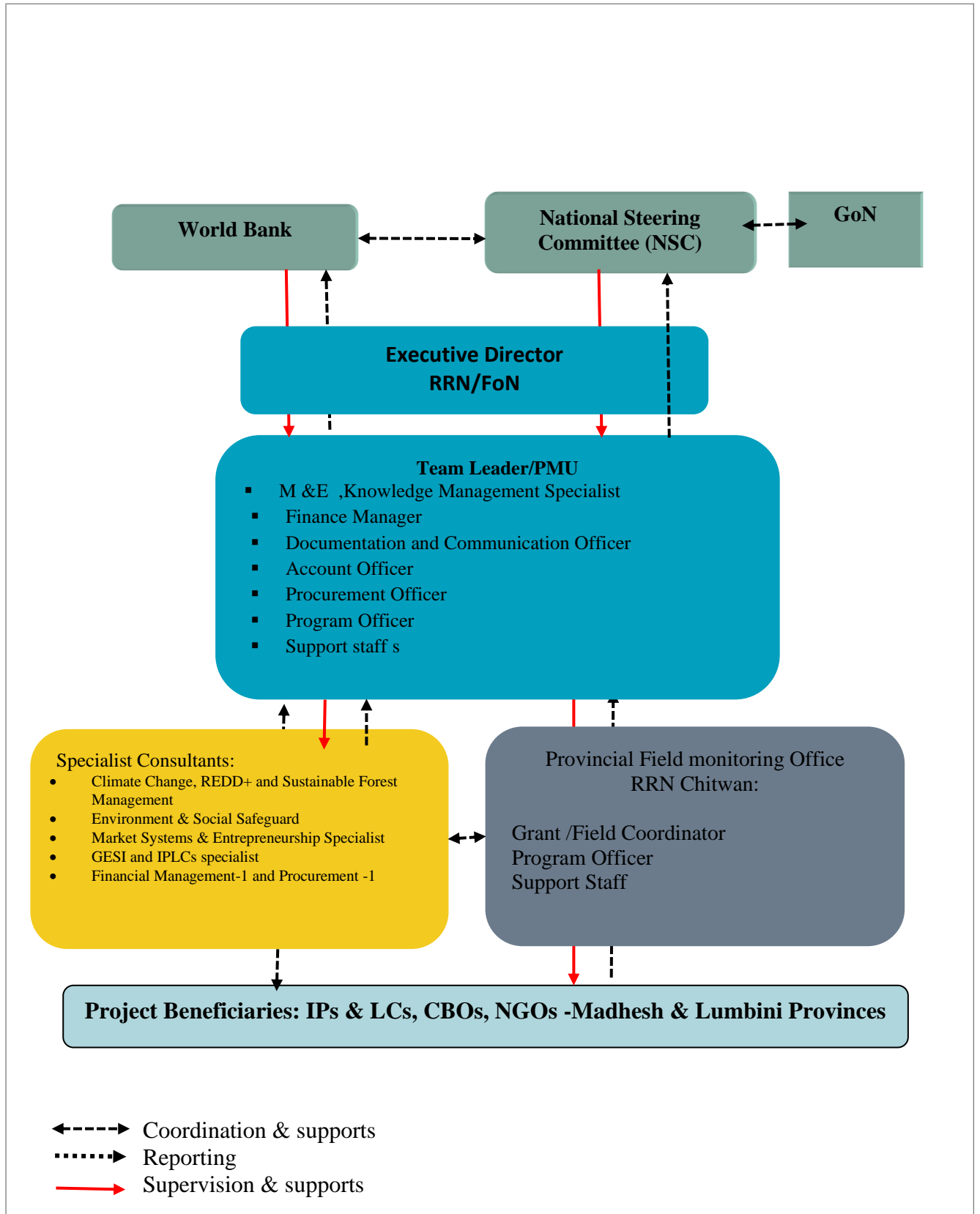


Figure 1: RRN- DGM Nepal Project/ Management Structure

4.1.1 National Steering Committee

The NSC will be responsible for the strategic oversight of the DGM Nepal Project and provide strategic advice and directions during the project implementation phase. The NSC, assisted by RRN as the NEA (including secretariat functions to the NSC), will provide a semi-annual progress report on the implementation of the DGM Nepal Project to the Global Steering Committee (GSC).

The NSC will make strategic decisions for the DGM Nepal project and approve the sub-projects for each **Request for Expression of Interest (REoI)**, based on the recommendation by NEA. The selection of proposals is detailed in the GOM but will be based on the set criteria and priorities and themes of the DGM Nepal Project. NEA in consultation with the NSC will develop the objective, scope and criteria for each REoI.

The NSC will observe the progress in the implementation of the sub-projects (at least 1 time per year) and ensure that NEA's processes are responsive to priorities and needs of IPs & LCs.

The NSC will participate in the national REDD+ Steering Committee, liaise with provincial-level REDD Offices and ensure that the DGM lessons and relevant processes are shared at national provincial and local levels. One NSC member will participate as a member in the GSC. NSC members are representatives from IPs & LCs communities, balanced to the extent possible by geographic area, community, and gender. The NSC will actively collect feedback from IPs & LCs on the project, identify needs, successful case stories and send the information to the GSC to be supported by the Global Component during the GSC meeting. One IPs or LCs member from the NSC will participate as a member in the GSC. With a view to ensure consistency and synergies with the Forests for Prosperity project and the ER-P, the NSC will closely collaborate with REDD IC/MoFE and MoITFE in Madhesh and Lumbini Provinces.

A government representative from the MoFE as non-decision-making observer in the NSC will provide inputs during NSC meetings on technical soundness, operational feasibility, and consistency of NSC decisions with national policies. The representative will observe in the decision-making process of the NSC but not take part in the selection of proposals for sub-project funding, which will be decided solely by the NSC members. The representative will also help the NSC to link DGM activities with relevant rural development/forestry programs in Nepal to strengthen synergies and enable the NSC to demonstrate clear linkages with FIP and FCPF activities, as well as the national REDD+ committee and other climate-change programs. The representative has the right to object to any decision by the NSC which may be inconsistent with national and sub-national laws. The objection will need to be submitted in writing with a clear justification.

The WB DGM Nepal Project representative will also be an observer to the NSC with the right to object to any decision that is inconsistent with WB policies and procedures. In addition, the NSC may have observers from other civil society groups and the private sector. RRN, providing Secretariat functions to the NSC, will prepare and assist in NSC meetings.

The NSC may decide to form working committees like a Grants Approval Committee, a Grievance Redress Mechanism (GRM) Committee, and a Finance Committee as deemed necessary to ensure the effective project implementation and efficient governance.

Table 2. Roles, Responsibilities and Expected Level of Engagement of the NSC

S. N.	Level of Engagement	Roles and Responsibilities
	Direct Involvement	Provide the strategic oversight of the overall project
	Endorsing	Review and endorse WB's mandatory documents for the DGM Nepal Project, NEA's annual work plan and REoI in accordance with the criteria relevant to the local socio-cultural and political situation in Nepal and wherever possible consistent with Global DGM Framework Guidelines for Operations
	Direct Involvement	Make funding decisions on sub-project proposals based on shortlists and assessments prepared by NEA
	Follow up	Review activity progress
	Direct Involvement	Promote learning through sharing lessons and other knowledge
	Direct Involvement	Report to Global Steering Committee (GSC) on a semi-annual basis (with support from NEA)
	Direct Involvement	Mediate conflicts or issues during the DGM Nepal Project implementation period
	Direct Involvement	Participate in meetings of National REDD+ Steering Committees, REDD+ Coordination Committee and meetings related to the FFP and the ER-P, ensuring that on-going national process is informed by DGM Nepal project activities

The tenure of NSC members will be in accordance with the “*Operational Procedures of the National Steering Committee under the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities for Nepal, 2076 BS*”. Following the consultative process with MoFE, the NSC was formed with representation from fourteen IPs and LCs organizations to provide strategic oversight to DGM Nepal Project implementation. In total, there are fourteen members representing IPs and LCs. These fourteen IPs and LCs nominated representatives have an equal footing to participate in NSC on their behalf. Following the formation of the NSC, a representative of MoFE and a representative of the World Bank, and representative from Social Welfare Council -SWC will be invited as observers to the NSC.

The NSC can replace members (ii) when a member decides to leave the position voluntarily or (ii) based on unsatisfactory performance. Involuntarily ending the tenure of a NSC member will be based on the decision by the NSC using internal evaluation results and constituent and consultation with them.

In case there is need to include additional members or observers from other constituencies or ministries or to expand the NSC representation, the NSC may internally discuss and decide to select members based on the member selection mechanism and his/ her function within the NSC governance structure. The procedures are provided in the NSC Rules of Procedure.

The selection of new members will strictly follow the NSC member selection process. With a reported concern or issues over the performance of members, or a resignation letter submitted to the NSC Co-Chairs, the NSC will initiate the new member selection process.

At the end of each project year, the NSC will conduct an annual self-evaluation, based on the following process:

- Completion of a self-evaluation form
- Self-reflection discussion in a dedicated NSC meeting.
- Review of reports consisting of achievements and activities performed during the engagement period.
- An external reflection conducted by the RRN advisors, and
- Feedback provided by project beneficiaries

4.1.2 National Executing Agency (NEA)

RRN is the NEA for the DGM Nepal Project. RRN will provide secretariat services to the NSC and report to the WB on project implementation progress. The selection of NEA was conducted by the NSC through a competitive process and observed by the WB and MoFE. The process was consistent with the DGM Operational Procedures.

RRNs team for the management of the project is composed of the following dedicated professionals:

Core Team

- Team Leader/Project Director
- Monitoring, Evaluation and Knowledge Management Specialist
- Finance Manager
 - Account Officer
 - Procurement Officer
 - Documentation and Communication Officer
 - Program Officer
 - Office Secretary
 - Office Support Staffs

Provincial Level:

- Grant Monitoring Field Officer/Field Coordinator: 1 (based in Chitwan)
- Field Officer: 1
- Office Assistant: 1

Technical Team (Consultants)

- Climate Change, REDD+ specialist
- Sustainable Forest Management Specialist
- Environment and Social Risk Management Specialist
- Market Systems & Entrepreneurship Specialist
- GESI and Indigenous Peoples and Local Community Specialist
- Financial Management Specialist
- Procurement Specialist

Roles and responsibilities for each team member are listed in Annex III.

NEA will have the following roles and responsibilities in the implementation of the DGM Nepal Project:

- Execute overall project- that includes project planning, annual budgeting, effective coordination, and implementation of the project activities at field level.
- Disburse grants for the sub-project approved by the NSC, technical support and monitoring of subprojects, and ensure appropriate use of DGM funds, in accordance with the operational and safeguards policies of the WB and DGM Operational Guidelines.
- Assist NSC in providing semi-annual progress reports on the implementation of the program to the DGM Global Steering Committee.
- Procure goods and services as required by the project, in accordance with the WB procurement guidelines.
- Ensure compliance with requirements for assessing and managing environmental and social impacts of the project in accordance with the project's Environmental and Social Commitment Plan (ESCP), including on the preparation and implementation of environmental and social impact assessments and management plans.
- Ensure timely submission of Annual Workplan and Budget (AWpB) to World Bank for concurrence before each fiscal year.
- Ensure quality and adequacy of Financial Management arrangements under the project.
- Ensure timely submission of the interim unaudited financial report and external audit report to the World Bank.
- Carry out capacity building activities, training and skill development to relevant staff and stakeholders
- Select training service providers, or short-term consultants or service providers, for various project-related training, and study or for technical support to sub-guarantees.
- Prepare communications and outreach strategy for the project, disseminate success stories and reports to NSC, WB, GSC, and other stakeholders.
- Implementation of ESCP, ESMF and other E&S safeguard related activities
- Maintain the documents related to the DGM Nepal Project, follow the communications strategy in coordination with the GEA.
- Undertake consultations with stakeholders throughout the project lifecycle including targeted measures for engaging with vulnerable and marginalized groups, manage and promptly respond to the grievance and complaint redress processes, disseminate the project

information to the stakeholders as required, in line with the Stakeholder Engagement Plan (SEP) prepared for the project. Provide technical support for the completion of other citizen engagement activities, for example, social audits.

The Team Leader of the DGM Nepal Project will have the overall responsibility for effective project management. The Team Leader will be reporting to the Executive Director of RRN and will oversee the day-to-day project execution with full-time support from the RRN team members. The RRN team members will ensure the effective and efficient implementation of the DGM Nepal Project, track the achievements and progress of the project results. While finance officer of the project will have the overall responsibility to ensure that the project financial management is not only compliant with the World Bank policies and procedures but also with RRN's internal financial control system.

4.2 Project Coordination

NEA will be responsible for overall project management and coordination as required with the NSC, GEA, GSC, WB, IPs & LCs, and government line agencies at the local, provincial, and federal levels.

With a view to enhancing local level ownership and sustainability of the project interventions, NEA will coordinate with federal, provincial and local governments during the implementation phase. Synergies and collaboration will be sought with local government programs for the promotion of livelihood activities for forest-dependent people and other vulnerable households. For resources-poor, landless and vulnerable households the DGM Nepal project will provide targeted support, including linking them to local government programs and other support facilities. At the provincial level, NEA will ensure that the DGM Nepal Project will be aligned with relevant programs and priorities of provincial governments and other stakeholders. The close collaboration will help building skills and capacity for a better understanding of national and global processes and policies related to REDD+ and forests.

4.3 World Bank Implementation Support

The WB will provide implementation support to RRN to ensure smooth and effective project implementation and to provide guidance for addressing identified challenges. This includes support on the application of environmental and social instruments, such as the review of various project activities to ensure their compliance with the World Bank's ESSs and other Bank policies, and advisory support for M&E and reporting. In addition, the WB will review the financial management and procurement process and activities, provide advice on the procurement arrangement and contract administration for the project. The WB will also participate in the joint missions as planned with RRN, review the implementation progress, including progress with achieving results; and consistency with the legal provisions presented in the Grant Agreements. A World Bank representative will be an observer to the NSC; will not take part in the decision-making process of the NSC but may object if a decision by the NSC is inconsistent with WB policies and procedures.

4.4 Hiring of Consultants by RRN

RRN will procure, as needed, specialist consultants/short-term consultants (individuals/firms) as appropriate for the development of manuals, training materials, conduct short-term training sessions, and various studies and mapping exercises. The individual consultants or consulting firms will work with IPs & ICs to provide technical support during the sub-project proposal development, training to run various income generation activities and collect data from the beneficiaries.

The selection process of short-term service providers/consultants will be as per the approved procurement plan for the DGM Nepal project. They will implement the agreed activities, as per their Terms of Reference, within set standards and timelines, submit progress reports in a timely manner and in agreed formats, disseminate the information about the DGM Nepal Project and training opportunities, especially in hard-to-reach areas; monitor the progress of trainees and provide the information to RRN on a regular basis.

SECTION V: PROJECT IMPLEMENTATION DETAILS

5.1 Overarching Project Approach and Strategy (Modalities of Implementation)

In order to maintain the momentum in the IPs & LCs after the first training event, the component 2 activities (i.e., small-grants mechanism) will follow shortly thereafter. The capacity-building activities will be continued throughout the implementation of the project. This approach will help the project to wider reach of DGM Nepal project, and capacity building of IPLCs.

Communities will be selected based on the initial set of locations and target groups that were scoped by WB, NEA and NSC. Further, NEA will consult the NSC, MoFE, various national, provincial and local level IPs and their networks to reach the target communities. The participating local governments (municipalities), and CFUGs will be consulted during the baseline collection and mapping period to reach the target communities. When the REoI is issued, these contacts will help the project to reach all targeted communities. Similarly, orientation events will be held for potential business owners along with target groups in all the districts which will further help reach the target beneficiaries.

In moving forward with the modalities of implementation, the strategy is to initially engage the selected communities in the two provinces at the broader level, this could also be at the district level, depending on where the beneficiaries are located. Additional communities in the districts may also benefit from these training events and engagements. Methods for reaching beneficiaries include using radio programs and other traditional communication and information approaches to reach a larger audience.

The next phase involves the engagement with the DGM Nepal Project beneficiaries and engaging them further on climate change and land-use activities. This is the phase when capacity-building will be intense, and engagements will be more targeted at various stakeholder groups. Based on the capacities and understanding gained in the training, participants will be able to design projects consistent with the REoI. This cycle will be repeated each year up to

the third year, by which time all targeted beneficiaries will be trained, and sub-projects rolled out. Sub-projects will be monitored and supervised no less than twice per year. Figure 2 shows the project implementation strategy for each year up to the third year. Both the components (i) capacity building and (ii) competitive small grants will be done in three stages: preparation, readiness, and implementation, as shown in the figure below;

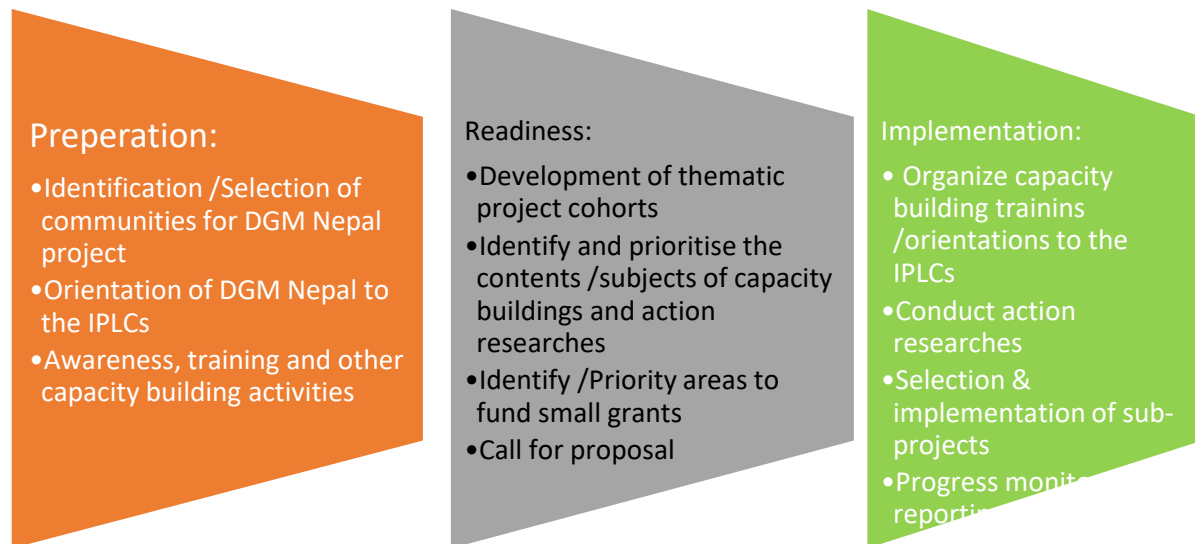


Figure 2: Phases of project implementation

5.1.1 Preparation Phase

During the preparation phase, NEA in consultation with the NSC will finalize the selection of communities in Madhesh and Lumbini Provinces, based on the initial set of communities that were identified by the NEA and WB team and the proposed criteria given in section 5.1.

The strategy is to use the DGM Nepal project preparation period to complete all preparatory and inception activities, which do not require field presence. A component of this phase, beyond the community selection, includes community engagements, and baseline surveys, which will also allow NEA to get a better understanding of the REDD+ process at the local level, drivers of deforestation and forest degradation, and opportunities for SFM/NRM and enhancing forest carbon stocks (i.e., plantations). The preparation process is considered complete by the date of the project is declared effective. Along with this, capacity-building efforts will be rolled out in the communities on the REDD+ process, SFM/NRM, climate change and mitigation interventions, and livelihood opportunities. The purpose of this phase is to increase the understanding of communities how their land-use/forest practices contribute to emissions of carbon dioxide as well as other GHGs and how they are affected by climate change (locally), and the need for adaptation, mitigation and resilience interventions. The activities are therefore designed to promote the participation of forest-dependent communities in policy formulation and initiatives that seek to reduce deforestation and degradation and to facilitate the effective participation of these communities in the design and implementation of relevant activities. The activities also aim at strengthening the capacity of major stakeholders

for playing an active role in the FIP, as well as in other local, national, and global REDD+ processes.

All sub-project activities will be required to undergo screening to identify environmental and social risks and /impacts based on a screening checklist provided in the Environment and Social Management Framework (ESMF) and accordingly prepare, adopt, and implement site-specific Environmental and Social Management Plans (ESMPs) as required.

Various approaches will be used in building the capacity of the stakeholders in the communities and the NSC of the DGM Nepal Project. The project will use differentiated, tailored and culturally appropriate approaches for project beneficiaries, particularly for vulnerable and marginalized communities such as women and Dalits. For the vulnerable groups, the project will use specific approaches like in-kind-contributions or other locations and demand specific criteria, motivating them to active participation in the overall project activities and sub-project implementation.

The understanding is that most stakeholders are adults, youths and women members and hence, adult-learner approaches will be most appropriate. These learning approaches will include inclusive focus group discussions with community groups on issues such as climate change, climate initiatives such as REDD+, and land-use practices. If need be, stakeholders may be engaged separately. The community engagements shall take several forms (videos, radio discussions, drama, farmer-to-farmer engagements, etc) and will be rolled out to complement each other in order to achieve the expected impact.

5.1.2 Readiness Phase

During the Readiness Phase, it is assumed that the selected communities are engaged, and the various stakeholders in the communities have had training on the REDD+ process, climate change, as well as effective adaptation and mitigation interventions. Similarly, the project will also identify the important topics/areas of action research on forest resources that will promote livelihoods of IPLCs and support for sustainable forest management. As stated in the project appraisal document (PAD), if required, such action research and capacity building activities (component 1) may be also implemented in other provinces beyond Madhesh and Lumbini Provinces. However, the competitive grants are limited only in Madhesh and Lumbini Provinces. The Readiness phase will support the communities to understand how some livelihood activities contribute to the changes in the local climate and are aware of best practices as part of REDD+ implementation, as well as interventions that would be promoted to roll out climate-smart practices. Thus, the readiness phase seeks to complement Nepal's transition to a green, resilient, and inclusive development (GRID) pathway, with the goal of achieving net zero emissions by 2050 forging a shared understanding of priorities of Climate Change, REDD+, SFM targeting the role of IPs and LCs. Efforts will be made to consciously engage women and vulnerable communities in all project activities. Training activities will use different approaches and will be organized in such a manner that women, IPs & LCs, and vulnerable groups can participate and have the equal opportunity to gain knowledge. Thus, the schedule and timing of the training and other project activities will target evenings, when most women are likely to have completed household chores. However, extensive discussions will be

held with each participating community to collectively decide the best time to engage women and all major stakeholders for the effective uptake of information.

NEA will conduct a capacity needs assessment of participating IPs & LCs to identify the existing gaps within groups or communities in terms of knowledge, skills, and assets; and other aspects required for them to benefit from the DGM Nepal project. Capacity will be assessed at three interrelated levels: (i) Individual level capacity, (ii) organizational level capacity and (iii) the enabling environment. Consultation meetings and participatory workshops will be organized with beneficiary IPs and LCs in Lumbini and Madhesh Provinces. In order for the beneficiaries to apply the gained knowledge and skills, communities will need to undertake some practices that will catalyse a gradual change from using unsustainable land-use practices to sustainable ones for enhanced mitigation impacts without compromising their livelihood base. These interventions will include:

- Increase biomass (vegetation cover) in the community and on farms to improve soil fertility and prevent runoff and soil loss. Examples of such sub-projects may include reforestation of degraded areas, seedling nursery establishment, nursing forest seedlings on farms and transplanting them to forest areas, community woodlots that are rotated to ensure continuous cover, planting of trees/shrubs along rivers to protect water sources from soil runoff, propagation of native species, and seedling production for the maintenance of native and threatened species/varieties.
- Improved sustainable livelihoods to bolster against the impacts of climate change while ensuring a reduction in deforestation. Examples of such sub-projects may include the introduction of intensive tree and non-timber crop cultivation on available arable land so farmers do not need to expand into forest areas, vegetable farming in conventional and unconventional ways (in containers, rooftops, and where space is limited), plantations that will go through cyclical felling and replanting to ensure there is continuous tree cover at all times; value-added processing and commercialization of agricultural, pastoral, handicraft, and extractive non-timber forest products; improve processing and marketing of tree-based crops (fruits trees like oranges, etc.).
- Climate-proofing investments (agricultural and agro-forestry) that may be negatively impacted as temperatures rise (for example, constructing improved soil and/or water conservation measures for farm and household use including rainwater collection systems; planting of hardy crops that withstand higher temperatures and drought conditions; installing weather forecasting-related apps on phones, providing other weather-related equipment; providing shade cover for crops where needed; developing fire management plans to protect trees and crops from fires during the dry season, purchase and train communities on the use of fire-fighting equipment (e.g. safety equipment as well as fire hydrants, hoses, etc.), controlled burning, community-managed technologies to combat wildfires; composting to improve soil fertility and agro-forestry.
- Water conservation will be a key component with the rise in temperatures. The project will support water conservation measures in communities that choose to give their lands for surface mining. More importantly, the project will emphasize and support projects that seek

to protect water bodies (streams, rivers, dams, etc) through watershed management and tree planting along with buffers.

- Reducing deforestation and forest degradation while mapping and identifying key interventions to address the underlying causes of deforestation based on customary practices and traditional forest management. The investments under this theme would include steps to reduce reliance on fuelwood and timber. The project could support, for example, improved cooking stoves where proven successful, gas stoves (2–4 burner plates) where gas and canisters are available, and where beneficiaries can pay for continued purchase of the gas over time, solar and other sources of clean energy for indoor and outdoor lighting, the introduction of improved and efficient charcoal kilns.
- Capacity building for CBOs. CBOs in both provinces require much capacity building. This theme focuses on building up CBO capacity in leadership, planning, management, technical skills in a particular area, etc. This capacity building is only for CBOs that are at least 5 years old (date of legal establishment) and if they have proven value to the communities. To ensure due diligence, any other CBOs which do not meet this criterion will have to be screened further by NEA.

However, not all interventions listed above will be rolled out during the first year. The strategy is to first focus on a few thematic areas of interventions, by grouping the interventions into cohorts, with the direct involvement and consultation with the NSC which will further help NEA gain experience in managing the sub-projects and gradually expand the scope to include the other themes in the subsequent years. Once approved by the NSC, NEA intends to issue at least one REoI in the first year related to the following potential thematic areas;

- Increase biomass (vegetation cover) in the community and on farms to improve soil fertility, prevent runoff and soil loss.
- Improved sustainable forest-relevant livelihoods to bolster against the effects of climate change while ensuring a reduction in deforestation.
- Climate-proofing agricultural investments (i.e. water conservation, crops species selection; soil management techniques)

Since IPs and LCs generally find the concept of mitigation challenging to understand, this project intends to frame interventions supporting primarily on climate resilience and livelihood-oriented narrative. It will be also easier to communicate interventions to address climate change from the adaptation and livelihood support perspective than doing so from the mitigation perspective alone. But importantly, the adaptation intervention will also have mitigation co-benefit.

From the second year of the project, additional thematic interventions will be rolled out. This means that the following interventions may be added to the existing thematic areas to have the full complement of the interventions for the remaining project years.

- Water conservation activities.
- Reduction of deforestation and forest degradation.
- Scale-up of existing ventures that increase and maintain biomass.

REoI will be advertised widely in the communities to reach individuals, CSOs, and community groups to understand the requirements for accessing the small grants. At the earliest stage of project implementation, NEA will issue the first REoI. The REoI will be publicized on the DGM Nepal Project website, NEA website, and in national newspapers, and using other channels to ensure wider outreach to potential beneficiaries. The website will provide detailed information on REoI such as Concept Paper submission deadline, Proposal submission deadline, various templates, etc. In addition to that, the NSC and NEA will inform potential beneficiaries about the opportunity for receiving support from the DGM Nepal project. The potential beneficiary is expected to send the Concept Paper and then the Full Proposal before each respected deadline. Late submission will not be processed to the next step except for emergencies or urgent action grants. Situations or proposals meriting urgent action will be decided by the NSC.

5.1.3 Implementation Phase

The implementation phase will be the stage when full implementation of all project activities will be carried out according to the implementation strategy that has been outlined. All sub-projects will be implemented in compliance with the Bank's ESSs and ESMF, LMP and SEP prepared for the project. Sub-grant agreements will be signed between RRN and the grantees that apply for funds to do a specific, related activity in the communities as per the eligibility requirement in section 5.1.3.2. However, these grantees must have a solid reputation and strong evidence of their successful operations in the targeted populations. The GOM will outline all aspects of the process from writing the proposal to the final selection and will be available in the Nepali language.

5.1.3.1 Grant Making

DGM Nepal Project intends to support 200 sub-projects throughout the project implementation period. The implementation of some of these sub-projects will span multiple years. The project will provide grants to groups and individuals to ensure a diverse range of stakeholders participate and benefit from the project activities.

Depending on the thematic focus of the REoI, the needs and capacity of local IPs & LCs, and decisions from NSC, the grant amount will range from a minimum amount of US\$ 5000 to maximum amount of US\$ 45,000, which can be multi-institutional and or multiple year sub-projects. The sub-grant size has been identified based on the identification of small businesses/enterprises in the provinces. The allocation of grants will be based on the size of the business of IPs & LCs, the proposed budget in the sub-grant proposals, and as in-line with market feasibility, which will be assessed during the screening of the sub-grant proposal. The NSC may suggest to NEA to review and revise the pre-selected proposals if they think so.

5.1.3.2 Eligibility Requirement

Legally registered companies, farms, cooperatives, and others with a Permanent Account Number (PAN) may be eligible to apply for the call for proposal. IPs & LCs without legal registration, but that are members of a registered organization, NGOs are also eligible to apply

for the call. This may also apply if the applicant is part of a coalition where the legally registered organization can sign the Grant Agreement with NEA if selected. NEA will communicate with the lead organization, which coordinates with its partners within the coalition. The fiduciary responsibility and all the legal accountabilities for the sub-grant lies with the organization signing the agreement with NEA.

5.1.3.3 Grant-making Process

The sub-grant making process managed by NEA will follow the below process. The review of sub-project proposals will be done against a set of criteria elaborated on in the GOM. The below chart shows the grant-making workflow; details for each step are elaborated on further below.



STEP 1: Request for Expression of Interest (REOI)

NEA will issue a REoI as decided by the NSC. The REoI will be published on the DGM Nepal Project website, NEA website and in the national and local newspapers, and other in the participating provinces. The project will use various channels like FM radio, formal and informal groups, traditional leaders, social media, networks, and associations to reach the potential IPs & LCs in each province. Detailed information about the REoI will be provided on the DGM Nepal Project website such as the deadline for submitting a concept paper, the full proposal submission deadline, templates to be used, etc. In addition, the NSC and NEA will inform potential applicants about the opportunity for receiving support from the DGM Nepal Project. A sub-project proponent must submit the Expression of Interest (EOI) and only shortlisted candidates will be invited to submit full proposal before the established deadline. Only shortlisted candidates will be invited for further process- however the firms not making to the shortlist can apply for upcoming call for proposals under the project.

STEP 2: Expression of Interest (EOI) Submission and Screening Process

Once the REoI is issued, NEA will collect all EOIs. NEA will review the EOIs against the set of criteria listed above and additional criteria identified in the REoI. Proponents shall use the DGM Nepal EOI template which is part of the GOM and accessible through the project website or from the NEA field monitoring office. For the IPs & LCs who have no access to the field offices due to distance or other impediments, the project office for both provinces, located in the Chitwan district, shall facilitate the submission of the templates, including for the EOIs, with the option to submit the EOI (and full proposal) by e-mail.

EOIs submitted on time will go through a screening process by NEA consisting of checking submission completeness and review against agreed REoI criteria, including the ESMF Negative List. NEA will engage to assess potential risks and conflicts. All EOIs will be screened against the same criteria to ensure consistency. The EOI screening will be done against the following criteria;

- Eligibility of proponent;
- Relevance related to REoI;
- Innovation;
- Quality of presentation;
- Technical design and feasibility;
- Financial management capacity or experience
- Sustainability; and
- Environmental and Social risk as per the ESMF
- Additional information, such as the inclusion of the most vulnerable and those who have appropriate /or undergone training under Component 1.

The checklist will be used by NEA to screen every EOI received by the indicated deadline. The checklist is a part of the GOM and will also be made available on the website for accessibility and transparency. NEA will do a ranking of reviewed EOIs and proponents with EOIs that meet the initial screening criteria will be invited to submit a Full Proposal. For proponents with EOIs that are meeting the screening requirements, NEA will assess the need for support for submitting a full proposal.

STEP 3: Invitation to Submit a Full Proposal

Only proponents with a cleared EOI will be invited to submit a full proposal. Proponents will be contacted by e-mail, letter, phone, or by NEA field offices. The proposal should be submitted along with the required supporting documents. NEA will check the submission for completeness and inform the proponent to submit missing supporting documents to be included in the review process.

STEP 4: Support for Proposal Writing (*if needed*)

Based on the EOI screening, NEA can determine whether there is a need for follow up action for the proponents, including providing technical assistance to write a full proposal. An applicant is deemed eligible to receive technical assistance if it meets the following criteria:

- Pass screening of the EOI;
- The proponent may need to consult and get consensus from the community for the proposal;
- The proponent has limited capacity for developing a full proposal, including developing a results framework and financial plan. The business plan will be a part of the proposal.
- NEA will provide training to shortlisted proponents to prepare the business plan during the proposal development and after the selection of the proposal.

Step 5: Full Proposal Submission

Invited proponents will submit a full proposal using the provided template and within the approved timeline as indicated in the REoI. Proposals may be submitted in both Nepali and English languages.

NEA may conduct field visits, as needed, to validate the proposal and work with the proponent on engagement with the communities to refine the proposal. NEA will also transfer knowledge to and train the proponents during field visits and workshops or other on-demand capacity-building activities.

Step 5: Shortlisting

Received proposals will be first checked by NEA for completeness. Only complete proposals will be assessed and scored against the agreed eligibility criteria for the REoI. Based on the scores, proposals will be ranked and short-listed consistent with the agreed funding envelope for the REoI. During the short-listing process, NEA may request further information from the proponent. NEA may also request proposal refinements if deemed necessary. NEA will prepare a summary document to inform NSC's decisions. The summary includes information on the REoI (including the number of EOIs and proposals received, accepted, and rejected; funding envelop); the proposal shortlists consistent with the REoI envelope and the scoring summary for each shortlisted proposal.

Step 6: NSC Approval of Shortlist

RRN as NEA prepares shortlisting, organizes assessments of applications related to DGM Nepal project and submits to NSC for the approval especially in the grant-making process. The NSC members, including observers, will receive the REoI summary document from NEA prior to the NSC meeting. The NEA Project Team Leader and other project staff will present the REoI process, the shortlist, and emphasize key factors to take into account during the NSC meeting. Upon hearing the presentation and reviewing the shortlist, the NSC members will decide on the approval of the shortlist. The decision will be made in accordance with the "*Operational Procedures of the National Steering Committee under the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities for Nepal, 2076 BS*". To prevent any conflict of interest in the selection process, an NSC member is not allowed to vote on a proposal originating from the region or institution he/she represents. However, he/she may respond to questions for clarification and information from other NSC members.

At the end of the meeting, the decision on the shortlist will be recorded in the minutes of the NSC meeting and posted on the DGM Nepal project website. For each project, all project-relevant documentation including EOIs, proposals, score sheet, communications, concerns, and recommendations will be saved in the Grant Management Information System.

Based on the decision by the NSC, NEA will notify all proponents in writing of the funding decision. NEA will ensure that the notifications are accessible and transparent to all proponents. Proponents of rejected proposals will be notified in writing with a summary of why the proposal was not approved.

Step 7: Contract Signing and Fund Transfer

Consistent with the NSC decision, NEA will inform the proponents of approved proposals and process a grant agreement for the sub-project. Negotiations may be possible as they relate to the fund release schedule. The grant agreement will include specific financial management requirements as follows:

- Grantee agrees to provide financial reports to NEA consisting of a comparison of actual expenditures to the approved budget and explain variances, if applicable. Financial reports are to be accompanied by acceptable evidence of expenditures.

- Grantee allows NEA internal and external auditors access to the financial records to determine whether funds were used for the intended purposes.
- Grantee agrees to provide reports on progress with the implementation of activities and achieving the intended results (against the agreed results framework) to accompany the financial report.

The project will use a grant agreement template (see Annex V. Template of Grant Agreement) based on existing good practices with some adjustments to reflect WB requirements. The draft of the agreement will be sent to the grantee for review. Once the grantee agrees with the Terms and Conditions, the grantee will sign at least 2 copies of the agreement. The two original copies will be signed by the grantee first and countersigned by the NEA Team Leader once it is returned. One copy of the signed agreement will be sent to the grantee for filing, and one will be retained by NEA for its records.

Once the grant agreement is signed by both parties, the fund transfer will be initiated consistent with the schedule in the agreement. The grantee will provide NEA with an Organization Bank Account. In the case of an individual, the grantee will receive funding through an agreed group or entity with a bank account registered in the name of the company or firm. The arrangement will be described in the grant agreement.

The fund transfer will be in instalments as provided in the grant agreement. The maximum amount for the first instalment (usually upon signing the agreement) will be 30% of the total budget based on the agreed work plan and budget. The next instalment will be made available upon submission of the financial and narrative progress report for the previous advance and will be based on the instalment specified in the grant agreement. The minimum amount for the last instalment will be 10% of the total budget and be made upon submission and approval of the Final Financial Report and Final Narrative Report (Annex III).

5.1.3.4 Reporting Requirement

Each sub-grantee must submit a financial and narrative progress report to NEA as provided for in the grant agreement for the approved sub-project. The reporting requirements are presented in the grant agreement. NEA will review the reports and ensure compliance with the financial and procurement requirements of the DGM Nepal Project. Progress, including results reporting will include appropriate evidence. NEA will present a cumulative monitoring/progress report for all sub-projects on an annual basis to the NSC and post the report on the DGM Nepal Project website.

- **Financial Reporting**

The financial report provided by each grantee will be reviewed by the NEA Finance Officer and other finance staff, who will verify the reports against the supporting documents. The Finance Officer will verify the procurement of goods towards the quoted specifications as deemed necessary and will visit the project site to verify the information presented in the financial report. Funds will be released based on the payment schedule and agreed deliverables identified in the grant agreement for the sub-project.

During sub-project implementation, NEA will regularly monitor the financial transactions of the grantees. Once the grant agreement is signed, NEA will provide capacity-building and training to grantees on financial management and reporting requirements.

NEA will conduct an internal financial audit once every three months. A grievance redress mechanism will be put in place in the event of financial mismanagement or any actual or suspected fraud. Any allegations or suspected frauds will be recorded in a register, and the RRN finance section will take appropriate action. Further, an update on the situation will be sent right away to the NEA, NSA, and WB. The grantee will use the following financial reporting forms during the sub-project implementation period:

- FORM 1: Advance Application Form (Annex III)
- FORM 2: Monthly Financial Reporting Form (Annex III)
- FORM 3: Sub-Project Completion Financial Reporting Form (Annex III)
- There may be additional forms /requirements of financial reporting included in the GOM.

In order to minimize the risk of mismanagement of funds and to facilitate financial reporting from the grantees, NEA will take the following measures:

- Assess the financial capacity and financial management practices of the grantees prior to finalizing the shortlist to understand any potential financial risk;
- Provide training to all grantees with approved sub-projects on financial management and reporting after signing the grant agreement.
- Frequently review and assess the financial records and recordings during field visits.
- Disburse instalments only when the grantees meet the reporting requirements as per the signed grant agreement.

▪ **Progress Reporting**

Progress reporting is an essential part of sub-project management to keep track of the progress with the implementation of the sub-project. The progress reports will be brief and summarize the key achievements for each sub-project activity (Annex III: Form 4). The report will include the following information:

- Report Date
- Budget Cost
- Overall sub-project status
- Progress Summary
- Financial progress
- Results/outcomes (including indicators and targets)
- Key issues
- Good practices and lessons learned
- Identified Risks or Obstacles
- ESMF Report

The progress report will be submitted by the Grantee to NEA along with the Financial Report twice a year. NEA's M&E personnel will review and comment on the reports. If needed, NEA

will request a grantee to revise a progress report. Final reports will be filed in the Grant Management Information System.

5.1.3.5 Amendments to Sub-Grant Agreements

The grant agreement for a sub-project can be amended based on the discussion between NEA and the grantee. The amendment may include a cost-neutral extension of the grant closing date or make other improvements. The amendment process will be guided by the proposed changes requested in writing by a grantee, upon which the NEA staff will initiate the review process. Once approved, the NEA will amend the grant agreement and send it to the grantee for signature. All changes will be documented in the Grant Management Information System.

5.1.3.6 Financial Accountability of Grantees

NEA will regularly monitor the financial management practices of the grantees and provide technical guidance for financial accountability as needed. NEA's financial management staff will review all financial reports, the procurement process, billings, record keeping and supporting documents of sub-grantees. If required, NEA will recruit and mobilize an external auditor to audit and check the financial management system of the grantees.

5.1.3.7 Suspension & Termination of Grant Agreements for Sub-Projects

In case of any dispute or conflict related to sub-project delivery, NEA will initiate constructive discussions with the grantee to understand and resolve the issue as per GRM for the DGM Nepal Project. If the discussion does not come to a satisfactory conclusion, NEA, under article 2 of the Agreement Termination Section of the grant agreement for sub-projects, may cancel or suspend the sub-project. If a grantee fails to meet its responsibilities provided in the grant agreement, NEA may suspend the support for the sub-project, until the grantee is again in full compliance with the grant agreement. If the funds for the sub-project grants are invested in activities which are not eligible for funding, NEA will suspend or terminate the support to the sub-project and the grantee will need to reimburse the full amount to NEA.

5.2 Project Implementation Timeline

Activities Implementation Plan	Timeline					Remarks
Component/Sub-Component/Activities	Y1	Y2	Y3	Y4	Y5	
Component 1: Capacity building for IPLC on REDD+ and SFM						IPs & LCs would receive capacity building support from the beginning on technical topics such as SFM and REDD+. Approximately 25 exchanges will be carried out throughout the lifetime of the project.
Subcomponent 1.1: Capacity Building for IPs & LCs for SFM and REDD+ implementation						
Activity 1.1.1: Organize mapping/identify potential beneficiaries including community forest user groups of IPs & LCs both in Madhesh and Lumbini Provinces and prepare a database of IPs & LCs as potential project beneficiaries.						
Activity 1.1.2: Conduct Capacity Needs Assessment (I) to identify the knowledge gaps of IPs & LCs on Nepal's REDD+ processes, level of participation in policy dialogue, and decision-making processes related to REDD+ and forests.						
Activity 1.1.3: Mapping of customarily managed forest areas inside and outside CBFM and their management type (i.e. Mapping and Inventory, plan preparation, silviculture management, sustainable production, and utilization) and review the gaps and challenges to apply established procedures to secure use and management rights in line with customary governance systems of IPs & LCs.						
Activity 1.1.4: Research and mapping of potential /new SMEs, existing forest-based SMEs, research/mapping new /existing NTFP-based enterprises; and eco-tourism operators. Mapping of potential and existing IPs & LCs engagement platforms at the local and provincial levels.						
Activity 1.1.5: Mapping of potential financial service providers, existing local cooperatives, potential NTFP and wood-based enterprises, and programs of the local and provincial government						
Activity 1.1.6: Develop training materials (based on above mentioned mapping AICNA).						

Activity 1.1.7: Provide capacity building training to IPs & LCs on technical topics such as NTFPs, SFM, SFM planning, improving the productivity of forests under CBFM, improving the quality of timber and non-timber forest products (NTFP), adding value to timber and NTFP, successfully accessing markets and financial services, conducting inventories on NTFP and building associations.						
Activity 1.1.8: Organize training, workshops, and other capacity-building activities aimed at improving IPs & LCs capacity to gain in-depth knowledge on REDD+, climate change, GHG emissions, traditional livelihoods and customary governance and the established process for securing forest management and user rights.						
Activity 1.1.9: Organize knowledge sharing meetings /exposures /outcomes sharing of the project at provincial and federal level/exchange visits within and between provinces to share success stories. Conduct policy advocacy both at provincial and federal levels to promote the outcomes /impacts of the DGM Nepal project and REDD+ and SFM						
Activity 1.1.10: Organize events /identify appropriate technical and vocational training schemes to youths of IPs & LCs.						
Activity 1.1.11: Provide scholarships to individuals from vulnerable and marginalized IPs & LCs, including women for technical and vocational training colleges to enhance their technical skills to be employed in the forest sector or run their businesses/microenterprises.						
Activity 1.1.12: Organize exchange visits to support market promotion activities related to forest /project supported goods						
Activity 1.1.13: Conduct a study on identifying appropriate technologies and skills required for IPs & LCs for the promotion of small and micro-enterprises						
Subcomponent 1.2: Strategic engagement in national and global policy processes and dialogues on REDD+						NEA will provide technical assistance for capacity building and training activities focusing on skill development for IPs & LCs to foster a better understanding of government and global
Activity 1.2.1: Organize workshops for local, provincial, and federal government officials on the DGM Nepal project.						
Activity 1.2.2: Organize training/workshops for IP&LC REDD+ and SFM implementation						

Activity 1.2.3: Organize policy dialogue between IP&LC and governments at the local, provincial and federal levels on REDD+ and SFM in Nepal						processes and policies related to REDD+ and forests.
Activity 1.2.4: Organize exposure visits and knowledge-sharing events for IP&LC on the implementation of REDD+ and SFM						
Activity 1.2.5: Mobilize potential IP&LC groups and individuals for participation in workshops, and conferences on REDD+, SFM, and best practices						
Activity 1.2.5: Foster partnerships and collaboration and capacity building of local and provincial government on successful implementation of REDD+ and SFM						
Activity 1.2.6: Promote partnerships with provincial government and interaction						
Activity 1.2.7: Organize media campaigns and mobilize media to raise awareness of the role of IP&LC in REDD+ and SFM						
Component 2: Competitive Grants to Support IPs & LCs on Income-Generating Activities resulting from SFM						
Subcomponent 2.1: Demand-Driven IPs & LCs Sub-projects						NEA will finance a small-grant mechanism to support forest-dependent IPs & LCs with green jobs and income generating activities related to themes such as Innovative forest-based green jobs; Income generation activities based on forest products etc.
Activity 2.1.1: Organize workshop/study/consultation meeting with stakeholders for the mapping of forest-based green jobs, forest-based indigenous traditional skills, and livelihoods, SMEs, raw materials availability, and market potentials in the province and within target municipalities for Component 2.						
Activity 2.1.2: Identify and prepare the list of existing and potential SMEs						
Activity 2.1.3: Hire consultants to assist in steps of the grant-making process, i.e., call for proposal documents, assessment, evaluation of applications for the small grants and train the grantees.						
Activity 2.1.4: Support grantees for the sub-project implementation.						
Activity 2.1.5: Provide support for participation in fairs to demonstrate the products produced by SMEs run by IPs and LCs; facilitate market linkages; support market promotion such as branding of the products, (e.g. “green-growth”, “go green”, “Indigenous and Own Products”) and other appropriate market promotion events						

Activity 2.1.6: Develop a sub-window under a REoI to provide dedicated funding and opportunities to marginalized forest-dependent IPs & LCs using traditional livelihood practices.						
Subcomponent 2.2: Training and sustainability assistance						Training will be held within the 4 consecutive years so as to enhance the technical and project management capacities of potential sub-grantees which have submitted sub-grant proposals.
Activity 2.2.1: Organize workshops to develop innovative ideas with approved concept notes into full proposals eligible for funding.						
Activity 2.2.2: Provide training and follow up on the development and implementation of business plans for grantees.						
Activity 2.2.3: Provide technical backstopping to grantees to ensure the implementation of the sub-project plan, and the success of the investments over a period of five years and beyond. The technical backstopping will identify the progress towards the work plan of sub-guarantees, identify problems and challenges and provide realistic solutions for the promotion and continuity of their business.						
Activity 2.2.4: Organize workshops with potential financial service providers, local cooperatives, potential NTFP and forest-based enterprises markets, and programs of the local and provincial government for increasing access of IPs & LCs to markets and financial services.						
Component 3: Project management, monitoring, and knowledge						
Activity 3.1: Develop a roster of consultants						
Activity 3.2: Develop a web-based Grant Management Information System						
Activity 3.3: Develop PM&E system (MIS and web-based M&E Tools)						
Activity 3.4: Operation of a Grievance Redress Mechanism						
Activity 3.5: Design strategy for knowledge management and learning						
Activity 3.6: Produce knowledge products (e.g. policy briefs, technical briefs, good practice notes, success stories, lesson learnt, audio-visual products)						
Activity 3.7: Conduct implementation support and monitoring visits						Monitoring of the progress will be done in every quarter.

Activity 3.8: Produce annual reports						A report will be prepared every year to assess the progress.
Activity 3.9: Organize studies to assess progress with the implementation of the project						Evaluation will be conducted every 2 years to ensure the project is on track and meeting its target. The final evaluation will also be conducted in fifth year.
3.10: Project Completion 3.10.1 Organize learning and experience sharing						Preparation for the project closure including to develop exit strategy and organizing learning and experience sharing events will be in the fifth year. The NEA will also prepare and share project completion report.

5.3 Financial Management and Disbursement Process

5.3.1 Financial Management Guidelines

Project financial management is a process that brings together planning, budgeting, accounting, financial reporting, internal control, internal and external auditing, procurement, disbursement, and the physical performance of the project. Financial management aims to manage project resources properly for the use of the intended purpose and achieve the project’s development objectives efficiently.

The financial management arrangements of the project will rely on the existing financial bylaw as outlined in the Policy & Procedural Manual (PPM) 2013-(Amended 2018) of NEA. In the case of lack of certain requirements as of World Bank standard in such situations this POM will be revised to include those provisions as agreed with the World Bank.

5.3.2 Financial Management Responsibilities

NEA has the primary responsibility for (a) ensuring that sound financial management practices are followed in the project, (b) maintaining records and accounts in accordance with Nepal Accounting Standard For NPOs (NAS for NPOs), and where required in accordance with internationally accepted accounting standards, (c) submitting timely financial reporting of the project and its financial condition, and (d) ensuring that internal and external audits are carried

out on time and in accordance with the accepted auditing principles. NEA will carry out these functions by establishing a sound financial management and reporting system. The reporting schedules and formats will be in line with World Bank guidelines /requirements set in the financing agreement. NEA will submit interim financial reports (Unaudited) to the NSC and the Bank within 45 days after the end of every quarter. NEA will also prepare the consolidated annual financial statements, have them audited by an independent external auditor (acceptable to the World Bank), and submit them to the World Bank no later than six months after the end of each fiscal year. The format and content of the quarterly financial reports as agreed by NEA will be provided by the Bank's team.

Responsibilities of Team Leader: The Team Leader shall be the responsible authority for the efficient operation of the project activities. The responsibilities include a) Maintaining a sound internal control environment through (i) establishing ethical standards and a code of conduct ensuring that they are understood and followed by staff; (ii) ensuring compliance with laws, regulations, and provisions of the financing agreements; (iii) safeguarding the assets and ensuring that accounting records are maintained & updated on a timely basis; (iv) ensuring efficiency & effectiveness of the operation; (v) ensuring the reliability of the financial statement and (vi) continuously assessing financial risks and taking risk mitigation actions; b) ensuring the effective implementation of all activities; c) promoting open communication including reporting of any activities of fraud, corruption or mismanagement by staff or contractors/suppliers.

Responsibilities of Project Finance Manager: The specific operational accounting and related financial management function will be the responsibility of the Finance Manager. The Finance Manager will be responsible for day-to-day matters related to financial management. The responsibilities include (i) maintaining bank accounts of the project funds, (ii) recommendation and payment of expenditures, (iii) accurate recording of all transactions, (iv) maintaining accounts of the expenditures based on categories and components and grants, (v) reconciliation of bank accounts and other accounts on time, and (vi) preparing monthly accounts.

The PFM's other specific responsibilities include: (a) Establishing and maintaining project accounts in compliance with the procedures and guidelines and ensuring compliance of all financial obligations with the Bank's requirements, (b) Ensuring that all payments are properly authorized, supported by proper documentation, and done in accordance with the agreed procedures and on a timely basis, (c) Maintaining accounting following records: (i) Main Grant Ledger, (ii) Subsidiary Grant Ledger, (iii) Withdrawal Monitoring Register, (iv) Designated Account Register and, (v) Other Register, (d) Monitoring project funds and ensuring timely fund flows and project liquidity. (e) Preparing the Interim Unaudited Financial Reports and submit to the NSC and Bank within 45 days after the end of each quarter, (f) Preparing the audited annual financial statements and submit to the NSC and Bank within 6 months after the end of each fiscal year; (g) Preparing Withdrawal Applications (Fund Request) in accordance with the Disbursement and Financial Information Letter of the Bank for the purpose of fund

request and recovery/documentation project operation. (For this, the PFM shall prepare 'Interim Financial Statement' for recovery/ documentation of the advance and cash projection statement for the next two quarter's expenditure and other documents for submission of Fund Request Applications), and (h) Preparing a consolidated annual financial statement of the project and designated account statement and submit to the NSC and the Bank within the stipulated time.

5.3.3 Annual Work Plan and Budgeting

At project commencement, NEA will submit an Annual Work Plan and Budget (AWPB). The overall NEA budget, including the project's annual total budget, is approved by NEA's Board with authority delegated to the Executive Director to approve activity-wise budget. The AWPB shall be submitted every year to the World Bank. The NEA drafts the AWPB in consultation with NSC, receives NSC approval and also submits it to the World Bank for No Objection. A new AWPB will be developed taking into account the review of the preceding AWPB, overall progress with project implementation and new priorities set by NSC if applicable. A mid-term revision of the AWPB may be necessary and would need approval by the NSC and a No-Objection from the World Bank.

5.3.4 Disbursement Procedures

Disbursement of the expenditures will be made only after the related voucher & supporting evidence is reviewed by the Finance Manager to ensure adequacy, completeness & compliance and approved by the Team Leader/ Executive Director. These procedures will be strictly followed in withdrawing funds from the designated bank account (opened in a commercial bank acceptable to the World Bank) for the purpose of project expenditures.

The disbursement for the project from the World Bank will be based on the statement of expenditure. The project will finance 100 percent of eligible expenditures inclusive of taxes, and incremental operating expenses will be financed as specified in the Legal Agreement. Funds will be withdrawn from the World Bank through the submission of Withdrawal Application supported by the following: (i) initial advance to the DA specified in the DFIL,(ii) reimbursement of eligible expenditures to DA supported by (a) Statement of Expenditure, (b) Sub-project Reconciliation Statement for claims under sub-projects and scholarships, and (c) DA and PBA Reconciliation statements, and (d) DA and PBA bank statements; and (iii) Direct Payments to be made to the service providers/contractors for expenditures supported by relevant supporting documents (e.g. contract, invoices, and confirmation of service/goods delivery): special commitments from the receiver of the direct payment, relevant records (e.g. contracts, invoices, and confirmation of service/goods delivery); the minimum value of applications for these methods will be specified in DFIL.

For this purpose, the project will submit interim unaudited financial statements in the agreed format together as prescribed in the DFIL along with the withdrawal application. The project will submit Withdrawal Applications electronically through the World Bank's Client-

connection website. The Bank will review such financial statements, document the eligible expenditure, and provide an advance based on cash projection through the designated account.

Retroactive financing: Retroactive financing is available for eligible expenditures under category 1, up to an aggregate amount not to exceed US\$ 56,865.00 equivalent for payments made during twelve months prior to the date of signature of the grant agreement. NEA will maintain records of expenditures and transactions, including those subjects to retroactive financing, using the agreed fiduciary and E&S systems. NEA will submit a claim for the expenditure under retroactive financing for World Bank's review and approval.

Disbursement Methods:

The following disbursement methods are allowed to withdraw the funds from the DA:

- a) Reimbursement: Expenditures eligible for DGM financing that incurred from the NEA source under Component 1 of the Project will be reimbursed basis. Withdrawal applications supported by Interim Unaudited Financial Reports (IUFR) will be submitted on a quarterly basis.
- b) Advance: At the start of the project, the project will apply for an advance equivalent to the projected expenditures eligible for financing for the next two quarters to deposit in the DA. Such advance will be recovered/documentated from the eligible expenditures made from DA either as reimbursement or paid out directly to the party. Next withdrawal application will be submitted for the cash requirement for next two quarters less bank balance in the NPR designated account. Advances will be received in DA, which will only be documented with the World Bank based on submission of withdrawal application along with statement of incurred expenditures.
- c) Direct Payment NEA may request WB to make payments directly to third parties (for example: suppliers, contractors or consultants) for eligible expenditures.

Special Commitment: NEA may request to pay an amount to a third party for eligible expenses under special commitments entered into, in writing as per the provisions of grant disbursement letter/guidelines.

5.3.5 Conditions for Advance Payment from NEA

The payments to sub-projects beneficiaries, vendors, consultants, service providers, and others for expenditures supported by relevant supporting documents (e.g., contract, invoices, and confirmation of service/goods delivery) can be made directly from the DA. Advance equivalent to the estimated direct cost (such as cost of stationery, hall rent, refreshment, banner, fuel, communication, conveyance, airfare, TA/DA related cost & other direct expenses) except fee/remuneration of consultant based on the approved proposal for the budget line will be provided only after the proposal is approved by the Team Leader.

5.3.6 Disbursement Process and Fund Flow Mechanism

The Bank will provide an advance upon the request of NEA. The DA will be established and used for receiving funds from the World Bank and to fund the eligible expenditure under the project. NEA will operate project funds through the designated bank account, prepare a financial report and submit it to the NSC and the Bank.

5.3.7 Designated Account: Signatories

The Bank will transfer funds to NEA upon the receipt of Withdrawal Application (WA) consistent with the clauses in Disbursement and Financial Information Letter (DFIL). The DA will be used for receiving funds from the World Bank from which eligible expenditure will be paid. NEA will operate project funds through the bank account, prepare a financial report and submit it to the NSC and the Bank.

Only funds disbursed from the World Bank can be deposited in this account. The account will be operated jointly by (i) either one out of team leader and executive director; and (ii) Account officer or Head of Finance. The authorized signatories' names will be approved by NEA's board and submitted to the World Bank through the Authorized Signatory Letter. The Bank will approve and provide an advance as per the quarterly forecast of eligible expenditure upon the receipt of WA from IUFR, bank reconciliation statement and bank statement NEA. The funds will be used to reimburse eligible expenditures incurred and making direct payment to the supplier or consultants for the goods and services provided by them under the project. A separate DA register will be maintained by the project. Similarly, WA will also be submitted to the World Bank through Client Connection for other methods of disbursement mentioned in the DFIL. The minimum application value for and DA limit will also be as specified in the DFIL.

5.3.8 Accounting Arrangements

NEA is responsible for maintaining books of accounts with sound accounting practices to reflect their operations and financial condition. For the purpose of preparing and consolidating the project financial statements, accounting records will be maintained in a computerized accounting system (FAMAS) and spreadsheet.

5.3.9 FM Planning & Reporting

Annual Work Plan and Budget: The AWPB will be based on the work program to be prepared by NEA for all components with the input of the concerned stakeholders. NEA will discuss the AWPB with the NSC prior to the submission to the Bank for approval. Quarterly financial reports (unaudited) will be prepared and submitted within 45 days of the end of the quarter.

5.3.10 Reporting

Interim Unaudited Financial Report (IUFR)

The NEA will prepare an Interim Unaudited Financial Report (IUFR) and submit them to the NSC and it will review and submit it to the Bank on a quarterly basis in the formats agreed during negotiations and specified in the DFIL. The framework for IUFR is designed to assist NEA in managing the projects and facilitate project monitoring. IUFR will report source and uses of the project funds, expenditure under a different categories and component, budget Vs expenditure statement, designated account reconciliation and bank statement, statement of disbursement from the Bank. The Unaudited Annual Financial Reports consist of the following statements:

- Summary of Sources and Uses of Funds
- Statement of reimbursable Funds (balance of fund pending disbursement)
- Statement of Expenditure based on categories and components
- Statement of grant received

- Designated Bank Account Reconciliation Statement
- Bank Statement for the DA
- Annual Progress Report on Output Indicators
- Procurement Management Report on Goods, works, consultancy & non-consultancy
- Grievance Management Report

Expenditures reported in the IUFRR are as follows: (i) Expenditure for the reported period (quarter), for the year to date, and cumulative to date (from the beginning of the project); (ii) Budget allocation for the expenditures for the reported period, for the year to date, and cumulative date; (iii) variances between actual expenditure and planned for the reporting period, year to date, and cumulative to date.

The financial report will be presented by using the exchange rate as of the prevailing rate on the value date the World Bank transfers fund to the DA

5.3.11 Unaudited Annual Financial Statements

The annual unaudited financial statement will be prepared by NEA. The statement will be submitted within 3 months from the end of the preceding fiscal year. The annual financial statement/report consists of source and uses of funds, summary statements of DA transaction, statement of budget Vs expenditure based on categories and components, bank reconciliation statement with bank statement, bank reconciliation statement, disbursement statement under different categories during the year.

5.3.12 Audited Financial Statement/Audit Report

The NEA has been externally audited by a reputable audit firm selected by the Annual General Meeting of the organizations and shall be used as the auditors of the project. TOR for the engagement acceptable to WB shall be as determined by the competent authority and the mutual understanding outlined by the audit engagement letter. As a financial covenant, the audit report will be submitted to the World Bank within six months following the end of each financial year together with a management letter highlighting any deficiencies in financial management systems and management response.

5.3.13 Audit arrangements

Internal Audit: NEA does not have an internal audit unit as part of its organogram but there are adequate internal control measures including internal audit conducted by external professionals registered in the Institute of Chartered Accountants of Nepal (ICAN), segregation of duties, documented levels of approval and authorization and oversight of functions which guarantees a reliable control environment. NEA has the practice of conducting an Internal Audit by independent professional auditors selected by the management board on an annual basis to conduct internal audits of the entire organization. Internal audit for the project will be conducted on semi-annual basis and the internal audit report will be provided to WB within one month from the date of submission of report by the internal auditor but not later than three months from the end of each audit period.

Management policies as detailed in the NEA Policy & Procedural Manual form the blueprint to guide the NEA in ensuring there are adequate internal controls and accountability mechanisms in place for implementing the program. The internal controls include processes for recording and safeguarding assets. The manual provides awareness to staff, third parties, partners on the mandatory requirements, functional role & responsibilities, authorization limits and thresholds, policy consideration, and guidelines procedures necessary to ensure a sound internal control environment.

External Audit: The audit of the financial statements includes audit opinion on the annual project financial statements and designated bank accounts and management letter. The management letter should report on: (a) an assessment of the adequacy of accounting and internal control systems to monitor expenditures and other financial transactions and ensure safe custody of project-financed assets; (b) verification of whether the project has maintained adequate documentation of all relevant transactions; (c) verification that the expenditures submitted to the Bank are eligible for DGM financing, and identification of any ineligible expenditures; and (d) verification that the annual financial statements can be verified with underlying books of accounts for the year.

5.4 Procurement Arrangements

5.4.1 General Guidelines

Procurement of all goods, consulting services (firms and individuals) and non-consulting services required for the DGM project, to be initiated by NEA, shall be done in accordance with the World Bank's *Procurement Regulations for IPF Borrowers* (November 2020). The procurement procedure to be followed by recipients of sub-grantees will be as stated in the Grant Operation Manual. For those procurement activities to be implemented by NEA, the procurement process will not be initiated unless it is approved in the Procurement Plan by the World Bank. Details of the item/service to be procured under the project, i.e. goods, works, non-consulting services, and consulting services will be specified in the procurement plan. The NEA will prepare and submit a draft model bidding document (Request for Bids, Request for Quotation) for procurement of goods and non-consulting services, for the Bank's no-objection. Following the no-objection on the model bid documents, NEA will use the same documents in all subsequent procurements. The majority of the procurement activities will relate to hiring consulting services (firm/ individual). At the initial phase of the project implementation, goods will be procured including items necessary for project management, as agreed in the approved Procurement Plan. Possible methods of procurement of goods and works/ non-consulting services and consulting services in the DGM Nepal project are briefly described below.

5.4.2 Methods of Procurement of Goods, Works, Consulting, and Non-Consulting Services (NCS)

The project does not envisage any procurement under works category. The procurement methods for Goods, Non-consulting and Consulting Services (firms and individuals) are provided below.

Table: Procurement Methods to be followed under the Project

Methods of Procurement for Goods and Non-Consulting Services	Methods of procurement for Consulting Services
Request for Bids (RFB)	Quality Cost Based Selection (QCBS)
Request for Quotations (RFQ)	Least Cost Based Selection (LCS)
Direct Selection	Fixed Budget Based Selection (FBS)
Community Driven Development (CDD) for sub-projects only	Consultant's Qualifications Based Selection (CQS)
	Direct Selection
	Individual Consultants

a) Open National Procurement Procedure for Goods and Non-consulting services: (NCB): Considering the size of the activities, all of them small in value and limited complexity, the market approach will be Open-National (where advertisement will be published in widely circulated national newspapers/DGM Portal to solicit the bids) or Limited Competitive bidding (advertisement will not be required to solicit the bids). The procurement method and market approach will be indicated in the approved procurement plan. In the RFB Procurement method, with a national market approach, the bidding time will be 30 days. Contracts will be awarded within the bid validity period. If necessary, NEA will seek for extension of bid validity period by the bidders.

b) Direct contracting: This is a non-competitive method with single-source selection (SSS) method which may be used with justification in specific circumstances mentioned in the World Bank Procurement Regulations for the procurement of goods, and non-consulting services. The goods/services to be procured by direct contracting will be defined in the agreed procurement plan.

c) Request for Quotations (RFQ) Method: RFQ is a procurement method based on comparing price quotations obtained from not less than three suppliers/contractors, for easily available off the shelf items. The RFQ document to be issued to the prospective bidders/suppliers, will consist of technical specifications of items to be procured. Small value procurement of goods, and non-consulting services, when other methods are not justified on the basis of cost and efficiency will be procured through RFQ method.

5.4.3 Methods of Procurement of Consultants

The sizes of the project's activities are small and of low value. National consultants' services will be appropriate to carry out the project activities. Individual consultants, as well as firms, may need to carry out the specified activities of the project. The procurement procedures of the World Bank will be applied in procuring consulting services. Few consulting assignments (firms and/or individual consultants) are envisaged to be hired for various activities in the areas of capacity building and training activities to IPs & LCs. The following are the possible methods for the selection and employment of consultants:

Selection of Individual Consultant (IC): Individual consultants will be selected on the basis of their relevant experiences, nature of work qualifications, and capability to carry out the task. The hiring of Individual Consultants should be approved by the World Bank, in the procurement plan. The next step is the preparation of the Terms of Reference (TOR), which should also be approved by the Bank. IC can be selected through, (a) open market approach, i.e. (a) publication of Request for Expression of Interest (REOI), if the Project is unaware of experienced and qualified consultants that can carry out the task, (b) limited market approach, i.e. through the comparison of at least 3 CVs obtained from qualified and experienced consultants, and (c) Direct Selection, under the following circumstances (i) if there is justification that only the proposed consultant is exceptionally qualified to undertake the assignment, (ii) the assignment is a natural continuation of previous work carried out by the consultant, after being competitively selected (iii) assignment is less than 6 months and (iv) urgent situation. The Terms of Reference should be part of the Expression of Interests (EOIs). NEA will negotiate a contract with the selected individual consultant after reaching an agreement on satisfactory terms and conditions of the contract, including reasonable fees and other expenses. To select individual consultants, NEA may advertise to request expression of interest (REOI) by attaching the TOR to the REOI.

Procurement of Consulting Firms: The project will use the Bank's Standard Request for Proposals for procurement of consulting firms.

5.4.4 Procurement Responsibilities

The ultimate responsibility of procurement of goods and services will be with NEA. NEA's Procurement Officer will be responsible for day-to-day activities related to procurement. As a part of AWPB, NEA prepares a procurement plan for 18 months at the initial phase of the project and monitors and updates it every year with the Bank's prior review and approval. The procurement plan will specify descriptions of activities/ items, selection method, estimated amount, schedule, bank's review requirement, applicable procurement documents. NEA will carry out procurements based on the annual procurement plan agreed with the World Bank using the Systematic Tracking of Exchanges in Procurement (STEP) system.

5.4.5 World Bank's Review on Procurement Decisions

The World Bank generally carries out two types of reviews on the procurement process and decisions: **Prior Review** and **Post Review**. The procurement plan specifies the item/contract and the type of review. Procurement-related documents, especially bidding and contracting documents, will be agreed upon with the World Bank before using them. Shopping and small value contracts will be generally subject to post review. However, prior or post review is subject to the risk associated with the respective procurement deemed by the World Bank.

5.4.6 Procurement Plan

The project office of the NEA will be responsible for entering and maintaining the procurement plan in STEP (Systematic Tracking of Exchanges in Procurement). Project officials required to use STEP will be trained adequately by the Bank team. The Procurement Plan will consist of contract description of procuring items, procurement category,

procurement methods, estimated costs, review requirements, timelines and will be agreed between the Borrower and the WB project team). The approved procurement plan will be public and published in the World Bank's external website, and UNDB online. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. All procurement documents such as terms of reference, bid evaluation reports/technical evaluation reports, signed contracts, payments etc., will be uploaded in STEP, for both prior review and post review activities. Training and workshops activities will not be entered in the procurement plan, unless such events will be managed by an external firm/individual.

The procurement plan and subsequent updates and changes should consist of a minimum of the following details (i) a brief description of required goods, works, non-consulting, and consulting services; (ii) estimated cost; (iii) proposed method of procurement; (iv) review types from the World Bank; (v) time schedule for the key activities (vi) applicable procurement documents.

NEA as well as grantee organizations shall retain all documentation with respect to the procurement process and implementation of all contracts up to 5 years after the closing date of the Grant Agreement. This documentation should include, but not be limited to:

- Procurement Plan.
- Cost Estimate.
- Copy of the Request for Quotations (RFQ) or Request for Proposals (RFP) sent to suppliers/ service providers.
- Original quotations submitted by suppliers/ service providers (Expression of Interest, CVs, and proposals by consultants).
- Evaluation Form signed and dated by all members of the Procurement Committee from within NEA and by the authorized approving official of NEA.
- Signed Contract/ Purchase Order.
- Confirmation of receipt of delivered goods/ non-consulting/consulting services.
- Copy of deliverables or goods obtained.
- Copies of checks for payments made, and all correspondence with supplier/service provider.

5.4.7 Procurement-related Grievance Handling Mechanism (GHM)

The project office will establish a database to log and maintain project procurement complaints. All procurement-related complaints will be stored, with details of the date of the complaint such as the complainant's name, contact details, reasons for the complaint, including any breach of the procurement process. Complaints will be acknowledged within 3 working days of receiving the complaint. A final response to the complainant will be issued providing point-wise clarification. The database will be developed to include information of (a) acknowledgment date (b) final response date by the Project Office. A bidder, who wishes to contest the "notification of intention to award" should submit the complaint within 5 working days of receipt of the information. Requests for review after this period shall not be entertained. All costs associated with the review of the bid shall be borne by the bidder. The bidder may withdraw the complaint in writing any time before the completion of the review. The complaint case will be closed when the issue has been dealt with satisfactorily.

Complaints may be submitted at any time during the implementation of the project.

Written Complaints: A project e-mail address will be established prior to the project launch. The complainant may lodge a written complaint within 20 days from the date of observing/experiencing the condition that gave rise to the grievance. The document shall state the nature of the complaint and the grievance. Receipt of complaints will be acknowledged with an action plan on the next steps including arrangements for a grievance meeting.

NEA is responsible for recording all complaints related to procurement (informal and formal), creating and updating a complaints database, and tracking the progress of complaint resolution until completion.

If the complainant does not accept the outcome of the appeal, the case will be closed. The complainant may seek redress through the courts. NEA will regularly report to the Bank on the number of complaints received and resolved, not resolved, or referred to a third party.

5.4.8 Confidentiality Principles

The information related to proposal evaluation, quotations, and recommendation of the bidding documents shall not be disclosed to consultants, bidders, or individuals until the decision to award a contract is taken.

5.5 Good Governance and Governance and Accountability Action Plan

The DGM will adopt the core principle of good governance for effectively implementing the project through maintaining coordination and coherence in decision making, transparency, and accountability to meet the project development objectives & benefit of the targeted IPs & LCs. Good governance principles outlined by the UN such as (i) participation, (ii) rule of law, (iii) consensus-oriented, (iv) equity & inclusive, (v) effectiveness & efficiency, (vi) accountability, (vii) transparency, and (viii) responsiveness; will be the core guiding & strategic tool to implement the project.

Key governance issues are identified and evaluated to determine the area & level of the risk and identify appropriate mitigation options. Governance of the project implementation arrangements is periodically reviewed & assessed to identify potential areas for strengthening or change and identifying necessary responses to mitigate risks. Based on lessons learned during the implementation of DGM Nepal Project activities, the governance may be revised or strengthened as necessary,

The DGM Nepal project will work consistent with the following governance principles: (i) coordination and collaboration between project stakeholders, (ii) transparency and accountability, (iii) right to information, (iv) sound financial management, and (iv) good governance environment. To ensure responsibility and accountability key responsibilities of staff, training providers, and supported institutions are defined through specific TOR. In order to maintain transparency in the disbursement procedures, accounting arrangements, audit arrangements and financial management, an action plan has been prepared.

Similarly, transparency in the evaluation of sub-proposals, and the selection of grantees, and training providers is maintained by strictly following the defined criteria and the agreed selection process. The provision of organizing communication and media campaigns, disclosure of project documents, programs, activities, and wide participation of stakeholders in project activities will also contribute to maintaining and improving good governance of the project.

5.5.1 Anti-Corruption

The “World Bank Guidelines on Preventing and Combating Fraud and Corruption in Projects” dated October 15, 2006, and revised in January 2011, stipulates the need to prevent and combat fraud and corruption, including in recipient-executed trust fund grants. The DGM Nepal project will be implemented consistent with these guidelines.

5.5.2 Enhanced Disclosure Provisions and Transparency

NEA will disclose the project information and make them readily available to the public through the project website and other sources as mentioned in section 5.1.3.3, Step 1. Specific disclosure measures related to information will include, but not be limited to:

- Provide an overview of activities and locations of the project;
- Annual procurement plans and schedules, procurement notice will be made publicly available.
- Consultants for the project will be made publicly available.
- Sub-project information will be publicly disclosed;
- Disclosure of project reports, audit reports, and mid-term reviews;
- Information on GRM

5.5.3 Community Oversight

NEA recognizes that greater community oversight will ultimately reduce the risk of corruption and misuse of resources. NEA will ensure the active participation of beneficiaries in all phases of the grant-making process, including design, monitoring, and evaluation. The DGM Nepal project will provide opportunities for the beneficiaries, communities, and other stakeholders to exercise participatory monitoring and evaluation through public hearings, public auditing etc.

5.5.4 Mitigating Collusion

NEA will reduce collusion and fraud by enhancing participatory and transparent project interventions. NEA will prioritize transparent procurement with appropriate oversight. Performance of the project consultants/contractors/suppliers will be monitored and evaluated by NEA.

5.5.5 Sanctions & Remedies

NEA will apply a zero-tolerance policy to corruption. Clear sanctions and remedies will be placed to fight corruption. Evidence of corruption, collusion, or fraud will be the grounds for terminating the relevant grant agreement, possibly with additional penalties. In cases of

corruption, the disbursement will be suspended or stopped completely if cases are not dealt with effectively. CSOs/ CBOs will follow the systems of NEA in applying sanctions and remedies related to mismanagement or corruption of sub-grants and funds allocated for the Project. Where necessary, NEA may amend their sub-grant agreement or in extreme circumstances, terminate the agreement.

5.5.6 Grievance Redress Mechanisms

The NEA will establish a Grievance Redress Mechanism (GRM) that will receive and respond to all complaints related to project implementation received from IPs & LCs, and other stakeholders. The GRM will provide opportunities for the IPs and LCs and stakeholders to file their concerns when they feel any negative impacts on their legal rights, livelihoods, and social and environments resulting from the DGM Nepal implementation with a costless approach and for their timely and satisfactory resolution of the issues. The GRM will operate alongside the country system to enable the uptake of grievances specifically related to the DGM Nepal Project. The GRM will also be able to receive and refer any grievances related to sexual exploitation and abuse and sexual harassment (SEA/SH).

The GRM will also help to facilitate the process of transferring material benefits/entitlements of compensation to the intended stakeholders and beneficiaries including IPs and LCs. Stakeholders including sub-project grantees and end-beneficiaries will be informed of the intention and procedures of the grievance mechanism through appropriate channels of communication. The GRM follows two ways of communication whereby marginalized IPs and LCs including women, Dalits, Muslims, Madhesis, socially marginalized groups, differently abled people, youths, and the elderly can file a complaint of their concerns of for example being excluded, and realization of negative effects to their lives or livelihoods, rights, societies and the environment from the implementation of DGM Nepal Project activities and will have resolution information of their concerns.

The DGM Nepal project will assign a GRM Focal point. The levels for resolution of grievances will be discussed and agreed upon with the NSC. It is expected that NEA will resolve the majority of grievances. When NEA is not able to resolve the issue, the grievance will be elevated to the NSC. If the complaint is related to the NSC's decisions on grant applications, the complaint will be referred to the NSC. If it relates to World Bank policies, the WB representative observer to the NSC will be requested to clarify the relevant policy. If the complaint does not fall under the mandate of the DGM Nepal Project but relates to either (i) the policies of the DGM, (ii) the governance of the DGM in a country, or (iii) complaints that could not be resolved by NEA or the NSC, recourse will be handled through other legal or administrative processes.

5.6.1 Scope of the GRM in DGM Nepal Project

The scope of the GRM shall be as mentioned in ESS10, which is one of the important requirements in the World Bank-funded project. The following approaches will be applied to address the grievances in the DGM Nepal Project:

Use of existing practices: The DGM Nepal Project will emphasize addressing complaints through existing practices. Management of grievances through formal legal channels and procedures will be applied only for important grievances or cases.

Anonymous complaints: Anonymous complaints are not entertained by the DGM Nepal Project. Complainants will however be able to submit complaints confidentially if required. Details of confidential complaints will be recorded by the project; however, such details will not be disclosed publicly.

Fiduciary risk management: Financial Fraud or Procurement Specific Mis-use related issues are not covered by GRM of the DGM Nepal Project. Such cases are handled by the project-specific separate procurement and fiduciary risk management mechanisms. Similarly, DGM-specific GRM does not include the grievances such as alleged corruption, intimidation, or major systematic violations of rights.

Priority of Complaints/Grievance at the Point of Origin: Complaints and grievances will be initially dealt with at the point of their origin. Only unsettled complaints at this level will be elevated to a higher level.

5.6.2 Grievance Redress Mechanism Process

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

- a) **Accessible:** ensure that all stakeholders (IPs and LCs and their organizations, sub-project grantees, and end-beneficiaries) can and know how to access the GRM and provide adequate assistance including communication in the simple and local language considering the socio-cultural norms.
- b) **Predictable:** provide a clear and known procedure with an indicative timeframe for each stage to resolve grievances or concerns.
- c) **Equitable:** ensure reasonable access to information, fair, informed, and respectful terms in an equitable manner.
- d) **Transparent:** ensure that parties (complainants) are kept informed about the progress of a grievance, and provide sufficient information about the mechanism's performance independently. Update the grievance progress by uploading it to the dedicated webpage of the project.
- e) **Rights compatible:** ensure that complainants agree the grievances are consistent with applicable national formal and informal (customary) and internationally recognized rights and under the scope of the DGM Nepal.
- f) **Enabling continuous learning:** conduct regular analysis of the frequency, patterns, and causes of the grievances and draw on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms as much as possible.
- g) **Based on engagement and dialogue:** consult the affected stakeholders for whom the DGM Nepal is intended and focus on dialogue with sub-project grantees, NSC, NEA, and as the means of addressing and resolving grievances.

5.6.3 Institutional Arrangements

NEA will ensure easy access to culturally appropriate information about the DGM Nepal and its GRM. The contact persons and contact channels will be disclosed on the NEA and GEA websites. They will also be disseminated through information-sharing meetings organized by NEA in each region, and through radio and other culturally appropriate means of communication. All documents and reports related to the implementation of the DGM Nepal will be translated into Nepali and available on the DGM Nepal webpage. NEA will also maintain open lines of communication and actively reach out to stakeholders. NEA will regularly review feedback received, respond to questions and comments on the websites, and report to the NSC and GSC on actions taken.

To ensure fairness, oversee due diligence, and coordinate as needed in the handling of complaints, a Grievance Handling Committee (GHC) will be constituted headed by the team leader. The GHC committee, working under NEA will report to NSC on a regular basis. The GHC will have three members including the team leader as a chairperson/ one member from IPs & LCs and one from NSC including one woman member, selected by NEA.

5.6.4 Key Steps and Processes

The DGM Nepal project will follow the typical steps of addressing grievances as shown in Figure 1. These steps and procedures will be tailored with FIP-FPP approaches and other existing practices in the project sites.

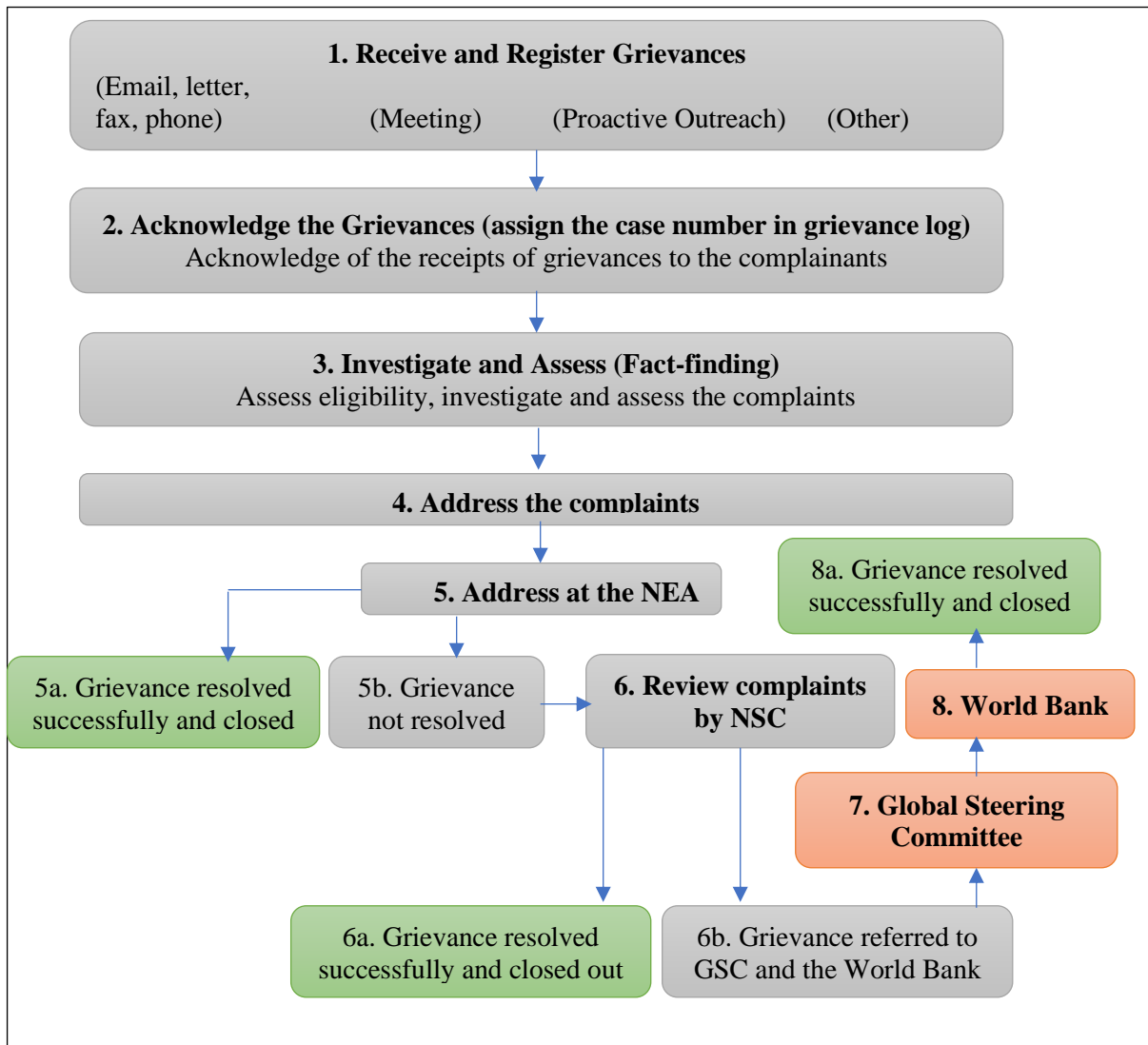


Figure 3: Typical steps of Grievance Redress Mechanism in DGM Nepal Project

- I. **Information:** Inform affected IPs and LCs and their organizations, stakeholders, and beneficiaries about the GRM procedures as guidance on how to approach the DGM Nepal project. A detailed process will also be posted on the DGM Nepal Project website. This process will be also included in the published project information documents.
- II. **Receive and Register the Grievances:** Receiving the complaints is the initial step. The complaints will be registered by the designated officer in the NEA (Social Development Specialist or Administrative Officer in the project team) in a grievance log book for reference. (tentative timeframe – 7 days).
- III. **Acknowledge, Assess, and Assign:** The safeguard specialist notifies the complainant(s) of receipt of the complaint. The specialist will communicate the complaint about the process such as reviewing for eligibility. The designated officer

will review the eligibility to ensure that the concerns raised by the complainants are relevant to the DGM Nepal. In this stage, NEA and NSC will screen the validity, scope, and relevancy of the complaints along with the decision scope within NEA, NSC, GSC, and the World Bank. (tentative timeframe – 10 days).

- IV. **Investigate, fact-finding, and analysis:** DGM Nepal will classify complaints into the following three categories based on the decision-making scope of the DGM-project entities. NEA and NSC will determine whether the grievance can be addressed directly through a relatively simple action within NEA and NSC agreed with the complainant; or whether the grievance is complex and it requires additional assessment and engagement of GSC and the World Bank. (tentative timeframe – 7 days).
- Direct action to resolve the complaints at NEA and NSC or on the spot by the project staff.
 - Further assessment and engagement of GSC and the World Bank and other stakeholders to determine the best way to resolve the complaint.
 - The determination that the complaint is not eligible for the GRM (not relevant to the DGM Nepal project); either because it does not meet the basic eligibility criteria, or because other mechanisms are the appropriate place for the complaint to go for the resolution.
 - NEA and NSC will initiate the analysis and assessment of the complaints by reviewing facts and evidence associated with the complaints.
- V. **Request for additional information:** The GRM has the option to request additional information from the Complainant(s) to strengthen the review process of eligibility by giving a certain timeframe (e.g., 10 working days) for the first time. If no response is received from the Complainant(s) within 10 business days of the request, the NEA will make the second request to the Complainant(s) for providing information within another 10 days. If no response is received even within 10 business days of the second request, the NEA in consultation with NSC can consider closing the complaint. (tentative timeframe – 10 days).
- VI. **Make the final decision on the grievances and communicate to the complainants:** NEA and NSC will review the additional information and make the decision with the explanation of the complaints under their scope. If the additional information does not support them to decide, the NEA and NSC will decide whether or not to forward complaints to GSC and the World Bank. (tentative timeframe – 7 days).
- VII. **Communicate and Closeout:** The final step is to close out the grievance. NEA will communicate the outcomes (whether these are decided at the NEA or NSC or GSC and the World Bank level) of the complaints to the complainant in a timely fashion with an effective means of communication using language that is easily understandable to the complainant. The NEA records the steps taken and maintains the details of both successful and unsuccessful complaints. The NEA will also communicate with the complainants and explain the reasons for the decisions and outcomes made by the DGM Nepal project and inform complainants about referral or recourse other alternatives including legal remedies. (tentative timeframe – 5 days).

- VIII. Redress the grievances: Development of implementation mechanisms such as compensating the affected sub-project grantees, communities, and individuals. (tentative timeframe – 10 days).
- IX. Monitoring and Evaluation: Regular monitoring of the implementation of the grievances and reporting to the World Bank.

5.6.5 Key Steps and Processes

Following the typical steps of GRM, the DGM Nepal project intends to address DGM Nepal project-related complaints specifically at three levels as shown in Figure 3. The proposed operational structure is intended to serve as a guide for the implementation of GRM between and among the DGM entities involved in the DGM Nepal project. This structure includes the sub-national level (including local government level and community level), national level, and global level.

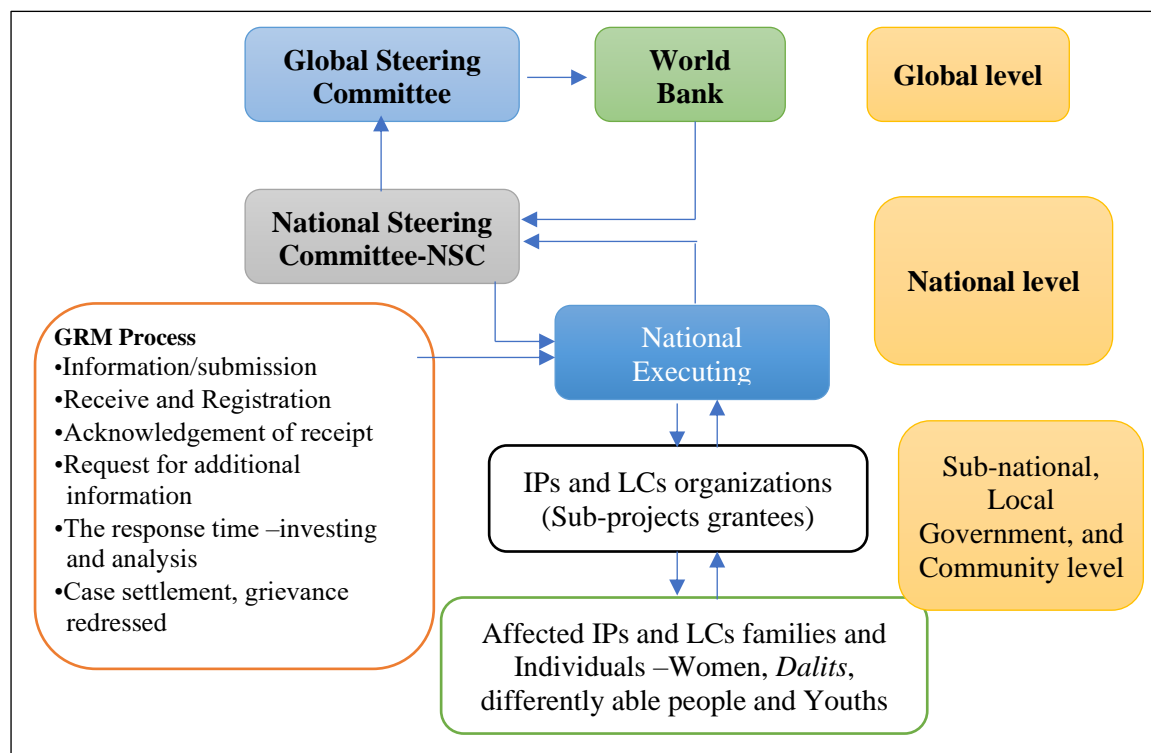


Figure 4: Tentative GRM of the DGM Nepal Project

In the event that a positive resolution of a complaint cannot be reached within 60 working days and no explanation is provided by the Grievance Handling Committee explaining for further time to adequately resolve the case, or if the aggrieved party is unsatisfied with a decision of the Grievance Handling Committee, the matter may be referred to the next meeting of the NSC for consideration, or the Grievance Handling Committee may call for an additional NSC meeting. At any time, a complainant shall have the right to seek legal remedy as per prevailing laws.

5.7 Risk Management and Mitigation

From the financial management perspective, currently, the overall risk is “Substantial” during implementation. All governance arrangements, such as the National Steering Committee and the National Executing Agency Project Implementation Committee are established.

Further, the NEA has been staffed with a qualified and competent Team Leader who is leading project management and will co-ordinate with all stakeholders as well as with the NSC. Project risks will be re-assessed as risk mitigation measures are implemented.

Placement of the core project team and continuity of staff are major risks. The other risk is the ability and willingness to foster partnership with public and private entities, which is critical for the success of the project. The third risk is the management of the expectation of target community members as well as the members of the NSC. NEA will follow a systematic risk management process. The risk management process involves the following six steps:

- a. Project event identification requires that the management considers the risks identified at project preparation and further reviews any other incidents that may affect successful project implementation.
- b. Risk assessment involves reviewing the identified events from the perspectives of the likelihood of the event occurring and the impact of the event on achieving project objectives. This process should assist managers to understand those events that may have the most adverse impact on project implementation.
- c. Risk response is a process by which management evaluates risks and adopts mitigation measures. This should also involve the assessment of costs versus benefits of the proposed measures and the degree to which the response will reduce the impact and/or likelihood of risk events.
- d. Control activities are the policies and procedures in place to ensure that risk mitigation measures agreed are implemented.
- e. Information & communication activities ensure that all staff is familiar with risks identified and mitigation measures and plans. This helps in the successful implementation of risk responses.
- f. Monitoring helps determine the effectiveness of the processes, technologies, and personnel executing risk management. To the extent possible monitoring should be in-built to ongoing monitoring activities, operational, procurement, and financial. Where required, separate evaluations of the risk management process could be carried out to address any special identified problems.

Table 3: Risks and Mitigation Means

SN	Risk	Means of mitigation
1	The heightened expectation of the DGM Nepal Project in the NSC could create difficulties in effectively rolling out the planned activities.	The NEA will hold various engagements with the NSC and community focal persons as part of the inception activities to reorient the members on the actual activities and deliverables of the DGM, in order to achieve a harmonious understanding of the project and unified expectations. This will improve the operational efficiency of the NSC.
2	Lack of adequate communication interventions could raise expectations beyond the project scope. This could affect the extent to which stakeholders are willing to participate in the project interventions to ensure success.	The NSC members will serve as a major point of entry to launch sensitization activities in the project communities. It is being envisaged that once the NSC members understand the actual deliverables and limitations of the project, they will be willing to join hands with the NEA to undertake the activities to counter misconceptions about the operational activities of the DGM.
3	Discontent and unhappy project stakeholders could sabotage the activities of the DGM Nepal Project.	The project will do all it can to seek the support of all stakeholders at the community level through sensitization and reorientation. This will be done through the involvement of the traditional authorities, opinion leaders, and NSC members. Efforts will be made to ensure communal concerns for the project interventions.

SECTION VI: ENVIRONMENTAL AND SOCIAL RISKS MANAGEMENT

6.1 Overview

This section provides guidelines and procedures for assessing, planning, and managing the environmental and social aspects. as per the Environmental and Social Management Framework (ESMF), Stakeholder Engagement Plan (SEP) and Labor Management Procedure (LMP) prepared for addressing the risks/impacts of DGM Nepal project. Whilst the DGM project is not expected to generate significant environmental and social risks and impacts, given that the locations of subproject activities including locations for grants have not yet been determined, ESMF has been prepared to help manage any environmental and social risks and impacts generated through subproject activities. The ESMF provides systematic guidance on the procedures for the screening of activities and identification of environmental and social risks and impacts that are likely to be generated during the implementation of the project, identifying mitigation measures, and developing management and monitoring plans to address these risks and impacts. SEP calls for active engagement and meaningful consultation with the stakeholders (IPs and LCs) in implementing project-related activities at the national, sub-national, and community levels to ensure that IPs and LCs, stakeholders, and beneficiaries have access to proper information about project-related opportunities and opportunities to contribute to and engage in project design. LMP identifies the labour requirements and associated risks with mitigation plans. These documents are live document and will be updated as required during the project lifecycle. These documents are also publicly available on the DGM Nepal project website and World Bank website. These documents were prepared as per the relevant laws and regulations in Nepal, and the requirements of the World Bank's Environmental and Social Standards (ESSs).

6.2 Potential Environmental and Social Risks and Impacts

The overall Environmental and Social Risk Classification (ESRC) of the DGM Nepal project is assessed to be Moderate. The DGM Nepal project will mostly generate positive environmental and social impacts helping to improve local livelihoods of Ips & LCs, promoting sustainable management of forests and natural resources, and enhancing social resilience and adaptive capacity of Ips & LCs as they undergo capacity-building support to enhance their engagement in sustainable forest management (SFM) and forest conservation. DGM Nepal project's adverse impact may emerge from the difference in perceptions, poor management of sub-projects and lack of oversight, legal interpretation and expectation, and data sets as well as pressure from the need for cash that results in conflict. As the project activities evolve, the risk profile and classification may be revised periodically to reflect residual risks after mitigation measures have been implemented. Any unintended adverse impacts triggered and/or associated with project interventions are anticipated to be minor and site-specific. The project's Environmental and Social Management Framework (ESMF) includes a negative list (Annex IX), and any subprojects proposed as part of the Competitive Grants which fall within the negative list will not be considered for funding.

Anticipated environmental risks and impacts are related to biodiversity, forests, soil erosion, and landslides/slope stability, health and safety, and the possibility of the use of herbicides and pesticides to protect the planted saplings and eliminate invasive plants and natural vegetation cover. The main environmental concerns are possibility of selective harvesting and/or overharvesting of specific high-value forest products for forest-based enterprises and possible

degradation of ecosystem services from the extraction of forest products in and around critical sites including water sources and wildlife habitats. No displacement or involuntary resettlement is expected to occur as a result of project activities. Any activities which require land acquisition and displacement will not be funded under the project. Nonetheless there may be instances where the use of and access to forest resources may be restricted due to changes in forest management practices introduced or funded by the project. Further, the award of grants, if not properly communicated to competing awardees, maybe construed as discrimination and result in tensions and local conflicts. A related risks regards the possibility of exclusion of certain IPs & LCs which can arise from elite capture particularly during the selection of competitive grants.

The project's SEA/SH risks and impacts are assessed to be 'low'. Accordingly, the project will develop minimal required measures as stipulated in the SEP, ESMF, and LMP which mainly includes code of conducts signed by all project workers, staffs, personnel; appointing a GBV focal person within the project and Labor GRMs; service provider mapping of project areas; and GBV awareness and orientation to workers and staffs.

6.4 Key Steps for Screening and Managing Environmental and Social Risks and Impacts

All potential subprojects will undergo an environmental and social screening process as per the ESMF to determine the nature, scope and magnitude of risks and impacts that may arise. As noted above, all subprojects will be screened against the Negative List/Exclusion List provided in the ESMF (Annex IX), and any proposed activities falling within the Negative List will not be considered.

Proposals will be subject to further verification by the NEA and NSC following screening. The key steps as part of the subproject screening and approval process are outlined below:

i. Environmental and social screening: The NEA will conduct a participatory environmental and social screening of all proposed subprojects to identify potential risks and impacts before the subproject can be selected for receiving a grant. The screening checklist for the project is included in the ESMF Annex 4. The screening process will:

- Determine the eligibility of the subproject
- Identify potential environmental and social risks and impacts of the proposed subproject
- Determine the subproject category example- Category I (High Risk), Category II (Substantial Risk), Category III (Moderate Risk), Category IV (Low Risk)
- Based on the determined subproject category – determine the level of assessment required.

The categorization of subprojects is provided in the table below, as included in the ESMF:

Table [x]: Categorization of Activities/Sub-Projects Based on Their Nature, Scale, and Impact

Categories	Nature of activities/sub-projects
Category I (High Risk)	Activities and sub-projects are for interventions that will not be supported by the Project. See Table 24 for this exclusion list.
Category II (Substantial Risk)	Activities and sub-projects with substantial risk that require ESIA, EIA and IEE (as per the national requirement) interventions that will not be supported by the Project ⁵ .
Category III (Moderate Risk)	Activities and sub-projects are those for which there is a ‘moderate risk of impact’ which requires the preparation of Environment and Social Management Plans (ESMPs). Activities and sub-projects which have less adverse environmental or social impacts on humans and/or on the environment than those of Category II belong to Category III. Impacts of activities/sub-projects under this category will be limited to a specific site, will be reversible, and mitigation measures will be known or can easily be designed. The majority of DGM Nepal project-supported activities and sub-projects including capacity building on sustainable harvesting, SFM, and capacity building on forest-based enterprises may belong to this category.
Category IV (Low Risk)	Activities and sub-projects having minimal or no adverse environmental and/or social impacts fall into this category. Additional environmental and social assessment except initial screening is not required for these activities and sub-projects. The screening report for Category IV activities and sub-projects will recommend mitigation measures for the minor issues identified. This may be in the form of an environmental code of practice (ECOP) for activity implementation (to be developed by NEA/NSC).

ii. Completing environmental and social assessment

Category III activities will be required to prepare an ESMP. Most of the activities and sub-project fall under Category IV and they will not require any further assessment beyond screening. Environmental Code of Practices (ECoP) will be developed and implemented to mitigate any negative E&S impacts during Category IV sub-projects/activities implementation. Project risks to women and other vulnerable groups will be identified and addressed as part of the social assessment process. Category III activities may require an Initial Environmental Examination (IEE), Brief Environmental Study (BES), based on the Schedules outlined in the Environmental Protection Rules 2020 to fulfil national regulatory requirements.

iii. Developing an Environmental and Social Management Plan (ESMP)

For Category III activities an Environmental and Social Management Plan (ESMP) will be prepared as outlined in the ESMF and will be fully aligned with provisions set out by the World

⁵ Since the DGM Nepal project is rated as moderate, sub-project activities with substantial risks will not be supported.

Bank's ESSs and GoN's regulations on environmental and social risk management. The ESMF includes a template for preparing ESMPs.

ESMP preparation will be undertaken in a participatory manner involving consultations with IPs and LCs and other stakeholders that are key to the successful implementation of mitigation measures and activities outlined in the ESMP. Subproject proponents under Component 2 will proactively seek end beneficiaries (household levels of IPs and LCs organizations) inputs on strategic measures and mitigation plans for risks associated with sub-project activities. ESMPs will also contain measures to promote local-level IPs and LCs organizations in the implementation of agreed management plans. NEA will provide technical assistance to develop the project specific ESMPs during the proposal development stage.

Subproject grantees will share prepared ESMPs with the NEA for review and comments, after which sub grantees will share revised ESMPs with the RNEA for final review.

Iv. Implementing ESMPs

Subproject grantees will be responsible for ensuring that project activities are carried out in line with their developed ESMPs, with oversight provided by the NEA and NSC. The ESMPs will be living documents for subproject grantees and the ESMP will be regularly reviewed and revised/updated as necessary. Any amendments to the ESMP will be approved by the NEA. Regular supervision of ESMP implementation will be undertaken by the NEA and NSC.

6.5 Additional Environmental and Social Plans

Effective engagement of stakeholders including beneficiaries of capacity building under Component 1 and beneficiaries of grants under Component 2 is a crucial part of the design and implementation of DGM project activities. A SEP provides detailed guidance on consultation and engagement processes from project preparation to implementation. A stakeholder analysis was undertaken as part of SEP preparation which was used to inform the engagement strategy, methods and plan. The SEP also includes the requirement for a project level grievance redress mechanism (GRM). As with the ESMF and other E&S instruments, the SEP is a public and living document and may be revised to reflect the project activities and identified stakeholders. The NEA in consultation with NSC will ensure equal access of IPs & LCs to the DGM Nepal project. Outreach and communication strategies will help to ensure a wide coverage, reach and equal access of IPLCs. Stakeholder engagement needs to be participatory, inclusive and transparent, and carried out throughout the project lifecycle. Information regarding the importance of women's involvement in information delivery and mobilization needs to be provided.

Labour Management Procedures will be developed, in line with the requirements under ESS2 on Labour and Working Conditions and under ESS4 on Community Health and Safety, to manage labour-related risks and impacts arising under the project. The LMP will provide an overview of the applicable legislation, expected types of personnel to be hired under the project, and measures to comply with ESS2 including child labour and forced labour, and

occupational health and safety. A stand-alone grievance mechanism will be provided for all direct workers and contract workers in line with ESS2 to raise workplace concerns. Given that individuals may be employed as community workers by beneficiary IP and LC grantees, the LMP will define the scope and nature of community workers and will distinguish their conditions from direct or contracted workers. For grievances raised by community workers, the project grievance mechanism will be adapted to reflect the specific characteristics of the community workers and the project. The grievance mechanism will identify and appoint a GBV focal person within the GRM committee to administer grievances related to SEA/SH.

A Resettlement Framework has not been prepared as the project will not support any activities which present risks of land acquisition and involuntary resettlement. However, restrictions from land use and access to natural resources by Ips & LCs may be necessary especially as groups and local communities who receive project funds may find these restrictions necessary for rehabilitating degraded forest and/or controlling harvest to ensure sustainable forest management and recovery. Where unavoidable, the NEA and NSC will ensure that such restrictions are duly discussed, negotiated and mutually agreed. Where the screening process finds that there is a risk of adverse impacts on local people as a result of restrictions on access associated with project activities, the Process Framework prepared under the Forests for Prosperity Project (FFPP) will be used to guide the process of granting sustainable access to such forest resources.

Further, a separate Indigenous Peoples Framework has not been prepared. This is due to the fact that the main beneficiaries of the DGM project includes IPs, and that projects activities and key agreements throughout preparation and implementation involve the participation and engagement of IPs in a manner that is accessible, culturally appropriate, and inclusive. The ESMF and SEP will be referred to for guidance on the participation and engagement of IPs.

6.6 Stakeholder and Citizen Engagement and information Disclosure

As the project is community-based and demand-driven, a full, effective and continuous participation of IPs & LCs, particularly with vulnerable and marginalized groups, and other stakeholders is required for effective design and implementation of the project. The framework for citizen engagement framework includes:

- (a) engagement of local communities in community-based forest management (CBFM);
- (b) community engagement in site-specific planning for smallholder forest plantations on public lands and small farmers' private plantation;
- (c) support to a feedback mechanism for targeted beneficiaries through social audits and satisfaction surveys;
- (d) support for building the Government's capacity for meaningful engagement with targeted beneficiaries; and
- (e) third-party monitoring activities.

Key protocols and mechanisms for this framework include the following:

- Stakeholder consultations can be culturally appropriate and inclusive of all stakeholders and be conducted in local indigenous languages where required.
- A project GRM will be established and maintained, with clear and inclusive communications on how to access the GRM and how grievances will be addressed and resolved.
- The project information on environmental risks and impacts is disclosed to stakeholders including beneficiaries in a timely, accessible and appropriate manner and format.

The NSC, membership of which is determined based on participatory processes and drawing from leading IPs & LCs organizations involved in natural resource management (NRM) in Nepal, will create and intensify avenues for informing and engaging relevant stakeholders about the project. The SEP mentioned above addresses the needs and interests of IPs & LCs involved in NRM issues in Nepal. Other project information will be made available to stakeholders in a timely manner and in a format that they can understand, including through translation to indigenous languages where necessary.

Environmental and social management tools including the ESCP, ESMF, SEP, and have been already disclosed on the DGM Nepal Project website and on the World Bank's website and are accessible throughout project implementation. The Executive Summaries of the ESMF and SEP have been translated into Nepali. Other documents that will be publicly disclosed include this POM, LMP, Grant Operations Manual (GOM), short listed proposals, unselected sub-project proposals, and Letters of Commitment. Any other environmental and social instruments prepared during project implementation will be publicly disclosed as appropriate. Aside from websites, other methods of information disclosure include through information boards, use of local media, and through periodic face-to-face and virtual meetings with stakeholders.

6.6 Institutional Arrangements

The NEA (i.e., RRN) as the implementing agency for the DGM Nepal project will be responsible for ensuring compliance of the project with E&S requirements of the projects. The NEA will include an Environmental and Social Specialist to carry out specific E&S activities. Other stakeholders including the NSC, IPLC subproject grantee beneficiaries, and the World Bank also have separate responsibilities.

a. NEA (Federal and Provincial if it is situated at Provincial Level)

Responsibilities of the NEA include the following:

- Ensuring the effective compliance with and implementation of E&S instruments including the ESCP, ESMF, SEP, and LMP
- Supporting the facilitation of stakeholder engagement activities including disclosing information about Call for Proposals and capacity building activities, and disclosing project related information via the DGM website
- Ensuring consideration of GESI aspects into project activities

- Developing the capacity building plan on environment and social risk management to targeted beneficiaries (IPLCs) and sub-grantees, local organisations, etc.;
- Developing manual and implementation of Environmental and Social Audits;
- Coordinating with other stakeholders as necessary to ensure compliance with E&S requirements for example, NSC, and federal, provincial and local government authorities
- Providing sub-grantees under Component 2 with the necessary orientation and training to enable them to prepare proposals and prepare and implement ESMPs
- Facilitating and supporting sub-project grantees for the preparation and implementation of activities or sub-project specific ESMP as necessary;
- Reviewing submitted ESMPs, approve them and disclose them through the project webpage;
- Overseeing the implementation of ESMPs to ensure compliance with E&S requirements and provide necessary technical guidance
- Preparing the report on overall execution of ESMF with the process, outcomes, and lessons of the ESMP implementation
- Sharing the lessons with NSC members
- Submitting the separate ESMF implementation report to the World Bank and Global Executing Agency as necessary.
- Facilitating and engaging agencies for third-party monitoring
- Identifying and raising any E&S issues or concerns

b. NSC

The Overall responsibility of NSC includes supervision, guidance, strategic feedback, and decision-making on ESMF related concerns. Specific responsibilities include the following:

- Supervising the NEA and sub-project grantees and providing timely feedback to them for the implementation of environmental and social instruments
- Ensuring the proper selection of sub-projects with full consideration of and compliance with environmental and social requirements of the World Bank and the Nepal regulatory framework
- Providing the necessary support and guidance to the NEA to implement environmental and social management plans;
- Engage in bringing appropriate remedial measures of ESMP and GRM;
- Educating their constituents (i.e., local level IPLCs organizations and sub-project grantees in the DGM Nepal Project) on environmental and social risks and impacts
- Sharing the lessons of ESMF implementation of the DGM Nepal project and sharing with the World Bank and GSC.

Local Level IPs & LCs organizations (Sub-project grantees):

Responsibilities of subproject grantees under Component 2 include the following:

- Designing subproject proposals in full compliance with the environmental and social requirements;

- Undertaking the required subproject specific environmental and social assessments and preparing ESMPs in coordination with the NEA. This includes screening, identifying effective mitigation measures of potential environmental and social risks and impacts in sub-projects in line with ESMF requirements
- Reporting on status and progress of implementing ESMPs to the NEA.

The World Bank

The World Bank will provide overall support and oversight for project activities, and responsibilities will include the following:

- Reviewing and advising on the long list of potential sub-projects, the respective categorization environmental and social risk and impacts and measures for mitigation identifying risks and impacts
- Observing the implementation of environmental and social instruments including the ESCP, ESMF, SEP, LMP and activity-specific ESMPs.
- Reviewing of ESMPs by WB in sample basis
- Supporting and providing advice to the NEA and NSC in managing E&S risks and impacts and ensuring compliance with E&S requirements.

6.8 Capacity Building

Recommendations for capacity building have been provided in the ESCP and the ESMF to be implemented throughout the project lifecycle, which include the hiring of an environmental and social specialist within the NEA to undertake the implementation of the environmental and social requirements. Areas for NEA capacity building include: organizational capacity; internal and external coordination skills; conflict and risk management; and monitoring and evaluation and Theory of Change. The ESMF also includes a template which the NEA can use to assess their organizational and individual level human capacity and identify appropriate capacity enhancement strategies.

The NEA and NSC will separately facilitate capacity-building activities to IPs & LCs beneficiaries to support increased awareness and understanding of environmental and social requirements under the Competitive Grants component of the DGM Nepal project. The NEA and World Bank will facilitate E&S workshops prior to and during the implementation of the project. The NEA will provide the environmental and social related information, and implementation and compliance requirements support to IPs & LCs, to assist them in developing and implementing necessary ESMPs and to obtain any required environmental permits. Detailed Capacity Building activities to support effective ESMF Implementation is provided in the ESMF (section 7.6).

The project will ensure communication and coordination with other forestry initiatives including ERP, FPP and EnABLE in planning and undertaking capacity development activities with IPs & LCs and other relevant stakeholders.

SECTION VII: MONITORING, EVALUATION, AND COMMUNICATIONS

7.1 Monitoring, Evaluation and Communication Overview

The NEA will have the major responsibility for the establishment of a monitoring and evaluation system along with effective communication and outreach strategy, in order to engage and inform about the progress and process of the project to the beneficiaries, World Bank, local communities & government, and relevant stakeholders.

Project monitoring, evaluation, and communication will be an important component of DGM Nepal, and aims to collect quantitative and qualitative information, in order to assess the achievements of the development objectives of the projects, identify the implementation process as per the guidelines, and track the progress of implementation. The monitoring and evaluation will also ensure the sustainability of the results and enhance accountability. NEA will have the major role of collecting, updating, disaggregating, and reporting the primary data from the field. The M & E process will monitor and evaluate the achievement of the project against the established outputs and outcome and provide information about the progress in achievements of the indicators listed in the result framework.

The project has the following PDO indicators:

- *Indicator 1:* DGM participants with an increased role in the FIP and other REDD + processes at local, national, or global levels. (% , disaggregated by gender and indigenous/non-indigenous group);
- *Indicator 2:* People in targeted forests and adjacent communities with increased monetary or non-monetary benefits from forests. (#, disaggregated by gender and indigenous/non-indigenous group)
- *Indicator 3:* DMG stakeholders perceive DGM governance and processes as transparent and inclusive. (% , disaggregated by gender and indigenous/non-indigenous group)

7.2 Monitoring & Evaluation Arrangements

The overall monitoring and evaluation system will be designed for the effective engagement of all the stakeholders in joint monitoring, on-site monitoring, regular reporting, financial monitoring, and accessing the overall governance of the project. The monitoring and evaluation will ensure that the process is participatory, transparent, evidence-based, culturally appropriate, mutual learning platforms, gender-sensitive, and accountable.

The monitoring and evaluation in DGM Nepal project intend to;

- Ensure that the project implementation is carried out according to established procedures and guidelines and resources are utilized for intended purpose.
- Ensure that the M&E framework provides reliable, realistic and timely data/information and feedback about project results, outputs and performance so that the project can make timely corrective action in order to improve performance and results.
- Ensure quality of the service delivery through monitoring of project activities, accessing the issues, and ensuring additional assistance for quality assurance.

- Ensure accountability and transparency of the project through effective tracking and monitoring the financial records, monitoring the performances of the human resources, and ensuring that the funds are being used properly to achieve the project objectives.
- Foster regular learning from the existing interventions, and based on the learning to improve the on-going intervention, guides new initiatives along with sharing the best practices, success stories to the wider community.

The above-mentioned M&E result will be achieved through following measures;

- **Management Information System** will be established by the NEA with an aim to monitor the project indicators, activities, sub-projects, and other interventions of DGM Nepal.
- NEA will allocate efficient and appropriate **Human Resources** for the effective establishment and implementation of monitoring and evaluation systems. Independent External evaluation will also be done during the project period.
- NEA will regularly organize feedback and sharing meetings to track the status of the achievements and progress of the project. A proper template will be used for reporting to ensure uniformity in data and information collection from the field.
- NEA will conduct joint monitoring including the representatives from SWC, MoFE, provincial government, NSC, WB, LGs, and other stakeholders as required.
- For effective operation of the project, NEA will adhere to the internal control framework and regularly review the compliance and effectiveness.

7.2.1 Project and Sub-project Monitoring

NEA will implement two levels of monitoring a) project intervention monitoring and sub-project monitoring. The M&E systems will be guided by the Result Framework, developed for the DGM Nepal Project. The framework has specified the indicators to be monitored, baseline and target values, frequency of monitoring, sources of data, and instruments for data collection, presented in Annex III.

The progress, process, and achievements of the indicators will be accessed through the following approach and activities;

Regular Monitoring by RRN: The RRN will be responsible for day-to-day monitoring of the project activities along with coordination and communication with all the stakeholders of the project. The Monitoring, Evaluation and Knowledge Specialist of the RRN will be responsible to complete the M&E activities and can suggest outsourcing specific Monitoring or Evaluation tasks to the organizations or individuals with the requisite capacity on a competitive basis.

Monitoring through regular/periodic reviews. NEA will organize the joint reviews every year throughout the project period and has the responsibility to coordinate for the joint reviews, including a visit to the project locations.

NEA can invite the thematic experts and Development Partners during the joint review meetings and will present the report on the progress of the project against the key performance indicators, output indicators and share those indicators that influence or moderates the values of these indicators. NEA will also ensure the collection of complete and credible data from all

project beneficiaries, sub-projects, and other stakeholders who participated in the project. NEA will prepare the review report and will be shared to all the stakeholders two months before the next review meetings.

Mid-term and Final Evaluation: NEA will conduct one mid-term and one final evaluation to assess the relevance, effectiveness, efficiency, impact, and sustainability aspects of the project. NEA will develop detailed terms of reference and hire an external consultant for both the mid-term and final evaluation.

Third party monitoring

A third-party monitoring will be carried out to get an independent perspective on the performance of the implementation of ESMF commitments. This monitoring will be carried out twice as specified in ESMF in the project implementation period. The monitoring will include the assessment of safeguards compliance of sub-projects on sample basis as per the ESMF. The study will evaluate the compliance/performance of various tools such as Gender Action Plan, SEP, ESMPs, IPs Plan, and others such as those used for the activity to address the risks. A draft ToR of Third-Party Monitoring is included in the ESMF (Annex 8).

Assessing Effectiveness of short-term Capacity building Training: NEA will regularly evaluate the effectiveness of short-term Capacity building Training delivered by the DGM Nepal Project. The capacity development efforts under the DGM Nepal Project are more focused on increasing knowledge on REDD+ and the transformative knowledge of the beneficiaries in the communities.

Establishment of Management Information System (MIS): NEA will establish MIS to share the data of the project, information about the sub-projects, key activities of the project, the responsible entities of the project, project targets, and status of achievements of the targets.

Field Research Activities: NEA will conduct field-level research activities in consultation with NSC, in order to identify the various issues related to small business promotions, market and value chain studies, baseline studies in the project locations, beneficiary satisfaction survey, and other studies as per the needs.

Beneficiaries and Sub-project Capacity Building: With a view to ensure the correct, reliable and comprehensive data collection and reporting, NEA will provide orientation to the project beneficiaries, sub-projects about the monitoring and reporting requirements of the project. A series of M&E workshops, led by M&E and knowledge specialists, will be organized in both the provinces and at the local level. Besides this direct on-the-job support will be provided to beneficiaries and sub-project for quality and effective data collection, monitoring, and evaluation at the field level.

7.2.2 Financial Monitoring

NEA will follow a series of internal control measures at various project levels to ensure an effective and efficient financial system. NEA's financial system has been reviewed and approved by the WB for the financial management of the DGM Nepal Project. The overall financial transactions will be monitored, recorded, analysed, and reported in line with the NEA's Financial Policy. With a view to enhancing transparency the approved project budgets and expenditures, sub-project grants will be shared with relevant parties or through the MIS

NEA will be responsible to disburse payment to the grantees. The payments will be made based on the request letter and payment schedules mentioned in the contract or grant agreement. Payment will also be based on the achievements of the agreed outputs or results articulated in the agreement documents.

The NEA will also be responsible to monitor the financial aspects of the project including the sub-grants. The financial monitoring of the DGM Nepal Project will follow the following steps and processes;

- During the workshop or orientation, NEA will provide clear guidelines or information about the financial management system, and reporting requirements to beneficiaries and sub-projects.
- The financial section of NEA will collect market price information from various vendors and local service providers on yearly basis for goods and services, which are to be supported or used by the project. This will ensure cross-check and verify the procurement market prices for the project and the sub-projects.
- NEA will verify the accuracy and completeness of financial information, bills, records, supporting documents, and test of expenditure details prior to the payment for goods or services.
- The finance department will request clarification or additional information for the incomplete information and will verify and justify expenditures as required.
- Financial experts or sections of NEA will provide advice and technical assistance to beneficiaries and sub-projects for transparent financial management and reporting.
- NEA's financial section will review the financial reports submitted by the beneficiaries and sub-project, conduct the site-based monitoring or spot checks and effectively monitor potential fraudulent transactions on a regular basis.

7.2.3 Grievance Redress Monitoring

The NEA will design the grievance redress monitoring system with an aim to track the complaint, responses and effectively monitor the grievance redress system. SMS systems will also be set in place, along with the website, telephone, and face-to-face mechanism of communicating grievances.

The grievance redress system will track and report on the following indicators;

- Number of complaints/feedbacks received
- Number of complaints that have reached an agreement and responded effectively
- Number of complaints that have been resolved
- Number of complaints that have not been responded to and/or resolved.
- Types of complaints registered in the system
- Areas that need to be adjusted for effective project implementation.

7.3 Management Information System

NEA will establish a cloud-based information management system to collect, organize, and share monitoring data with a wider audience. The users of the system can directly access on computer or mobile phone (mobile phone version works in offline mode for remote locations without consistent internet connection). The database platform will have the extensive capabilities to disaggregate and report the project information based on location, year, and other project reporting criteria. The system will have advanced security features. that will ensure systematic backup procedures for data security. NEA will test the system intensively for three months before the actual disbursement of grants or sub-projects funding in order to ensure the system runs smoothly with no potential reporting issues.

7.4 Project Reporting

The NEA will develop an effective reporting and verification mechanism using both the internal reporting structures and systems along with third-party monitoring and reporting. The findings from the reports and verification mechanisms will be used as the evidence and basis for the sub-project payments and claims.

The following reporting mechanism and frequencies will be used by the DGM Nepal Project;

Table 1: Reporting Mechanism of DGM Nepal Project

Report	Frequency	Report Contents and requirements
Quarterly Monitoring Report	Quarterly	<ul style="list-style-type: none"> ▪ Provide information about the status of the project including the reporting on ESMF implementation ▪ Issues during the reporting period and mitigation measures taken ▪ Prepare a report based on the templates mentioned in Annex III and on the basis of the indicators set forth in the Project. ▪ Each reporting will cover the period of one (1) quarter, and will be submitted to the World Bank no later than one (1) month after the end of the period covered by such report
Quarterly Financial Report	Quarterly	<ul style="list-style-type: none"> ▪ Reporting of DGM Nepal fund status ▪ Ensure financial management is in accordance with the provisions of Section 3.7 of the manual.

		<ul style="list-style-type: none"> ▪ NEA will ensure that interim unaudited Financial reports for the Project are prepared in the format agreed with WB and submitted to WB no later than forty-five (45) days after the end of each calendar quarter, covering the quarter reporting period.
Audit report	Annually	<ul style="list-style-type: none"> ▪ During the end of each fiscal year, RRN will conduct a financial audit in accordance with the provisions of Section 3.7 (b) of the Standard Conditions and will cover the financial transaction of the same fiscal year. ▪ The audited Financial Statements for each fiscal year in the format agreed with WB will be provided to the World Bank no later than six (6) months after the end of such period.
Annual Project Reports	Annually	<ul style="list-style-type: none"> ▪ The annual report will report the status of project against the achievements of project indicators, progress against the work plan, challenges and risks faced by the project and mitigation measures taken, performances of beneficiaries, sub-projects and work plan for the next reporting period. The report will be shared to NSC and WB.
Midterm Review Report	At the end of 2nd year	<ul style="list-style-type: none"> ▪ Generate a consolidated mid-term review report for the Project, based on the field monitoring, consultations with beneficiaries and experts, NSC about the project interventions. conclusions and recommendation for future effective implementations of the activities.
Project Completion Report	Before the project closing	<ul style="list-style-type: none"> ▪ Project completion report will provide information about the effectiveness, efficiency, relevance, impacts, sustainability; replication; target and indicators achievements along with best practices, significant changes in the community, change stories and lessons learned of the project ▪ NEA will prepare the project completion report based on the guidelines and templates mentioned in section 3.2 of the manual. The Project Completion Report will be submitted to the World Bank before the Closing Date of the project.
Sub-Grant Reporting		
Sub-grant Financial Report	Based on agreed schedule	<ul style="list-style-type: none"> ▪ Status of the fund management, investment in sub-project activities along with supporting documents as per the templates mentioned in Section 3.3 of the manual.

Sub-grant completion Final Financial Report	15 days after the completion of project	<ul style="list-style-type: none"> Final financial report will be submitted after 15 days of the completion of the project. The report should clearly provide the information of investment and payments done from the sub-grants in the format mentioned in Section 3.3 of the manual with all the supporting documents.
Sub-grant Progress Report	Based on agreed schedule	<ul style="list-style-type: none"> Progress report will contain information about the activities done during the reporting period, target achievements against activities and outputs, challenges, risk and mitigation measures, and achievements of other cross cutting issues in a reporting format mentioned in Section 3.3 of the manual.
Sub-grant Completion Report	15 days after the completion of the project funded by sub-grant.	<ul style="list-style-type: none"> Final completion report will contain information about the activities done throughout the project period, efficiency, relevance, impacts, sustainability; replication; significant change stories and lessons learned of the project in a reporting format mentioned in Section 3.3 of the manual.
Sub-grantees	Bi-monthly	<ul style="list-style-type: none"> Sub-grantees shall prepare and submit to the NEA bi-monthly monitoring reports during the entire subproject period. The NEA shall submit these reports to the Bank every six months in the bi-annual reports

7.5 Project Evaluations and Audits

The data collected during the reporting period, recommendations and feedbacks from various stakeholders, involvement of technical experts in the various study will be the basis to track changes throughout the project life. During the last phase of implementation of the project, NEA will assess the effectiveness of the project in terms of strengthening the capacity of IPs & LCs for the adoption of REDD+ process and improvement in livelihood. NEA will conduct internal evaluation with an aim to assess the effectiveness and efficiency of the project, and to identify areas for improvement during the project implementation. While external evaluation is conducted by an independent evaluator to assess the relevance, coherence, effectiveness, efficiency, impact and sustainability of the project.

S.N	Description	Purpose	Responsible Party	Timeline
1	Impact assessment	Assess the impact of the project in promotion of REDD+ process, improving the lives of IPs & LCs.	NEA	Towards the end of the project
2	Internal Evaluation	Assess project effectiveness and efficiency, sustainability and identify the areas of improvement.	NEA/NSC	Midterm & towards the end of the project
3	External Evaluation	Assess the achievements of the project against the set indicators and outputs, access relevancy, effectiveness, efficiency, impact and sustainability of the project.	External Consultants	Midterm Final Evaluation

NEA will follow the internal audit policies described in Section 4 and will undertake project grant monitoring internal spot audits. Meanwhile, for external audit, an independent auditor will be contracted on an annual basis for the overall project audit.

7.6 Project Communication and Outreach

As a part of communications or Outreach of DGM Nepal Project, NEA will focus for promotion of grant facility, success stories and best practices to target beneficiaries, various stakeholders along with the supporting agencies, national, provincial and local governments. Outreach activities for relevant policy development on REDD+ process, livelihood and Community Based Natural Resource Management (CBNRM) will be prioritized during the implementation phase. DGM Nepal Project will also support IPs & LCs for policy awareness and policy dialogues relating to REDD+ process, livelihoods and CBNRM.

Printed materials and info-graphs will be published and disseminated for the promotion of the DGM Nepal Project. Additionally, the MIS and websites will contain pictures and information about the project. The announcements on the call for proposal, project activities information, success stories will be posted regularly on the website and other media like social media to reach a wider section of the community. Traditional communication tools and platforms will also be used to communicate the information about the grants, success stories from IPs & LCs, lessons learned including the dissemination of announcements from the NSC.

7.6.1 Communications through the NEA and NSC

DGM Nepal will encourage IPs & LCs, CBOs to communicate with NSC and NEA on a regular basis regarding the effective implementation of the project, provide feedback and information sharing in meetings, or in other project activities. NSC will also be involved in the consultation and meeting with IPs & LCs during the field visit or monitoring and during the project activity

implementation period. Communication with the government, stakeholders will be done by NEA, in coordination and involvement of NSC. As a part of Component 2, NEA will frequently communicate and have dialogues with relevant project stakeholders

7.6.2 Communication strategies

Communication in the DGM Nepal Project, will be a continuous process and will primarily focus on communicating with beneficiaries and relevant stakeholders. Besides this NEA will regularly communicate with NSC and other partners in relation to strategic direction and impact of the project. The communications staff within the Grants Team will be responsible for handling communications on project information, progress and other related matters to the general public. Besides this, the communications staff will be responsible for general updates/exposure of the project along with the grievances per the project GRM (see Section 3.8). The Knowledge Management & Communication expert and documentation officer will be responsible to produce I and disseminate project information to beneficiaries and other stakeholders.

7.6.3 Sharing of Lessons and Good Practices

The project will share success stories, lessons learned, good practices and innovations promoted through sub-projects with project stakeholders and the wider public. NEA will compile stories or case studies on e.g. REDD+ implementation, generation of livelihood opportunities and sustainable natural resources management. Similarly, stories on policy dialogues with NSC and IPs & LC leaders will be documented and communicated by NEA and NSC to a wider audience through the webpage, social media, blogs or publications. A detailed Communication Plan will be prepared within 10 weeks after recruitment of the communications staff.

7.6.4 Results Framework

The Results Framework and the Monitoring Arrangements tables below present the indicators used to monitor implementation progress and outcomes of the project.

Results Framework
COUNTRY : Nepal
Dedicated Grant Mechanism for Indigenous Peoples and Local Communities in Nepal

ANNEX 1: RESULTS FRAMEWORK AND PROJECT MONITORING						
The Project Development Objective (PDO) is to strengthen the capacity of targeted Indigenous Peoples and local communities to participate in Nepal's REDD+ processes at the local, national, and global levels.						
PDO Indicators						
Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR 5 (cumulative)
<p>Indicator Name : Project beneficiaries with increased role in the FIP and other REDD + processes at local, national or global levels. (% , disaggregated by gender and indigenous/non-indigenous group)</p> <p>Description: This indicator is for capturing the level of success of the activities related to capacity building which is a priority for the DGM.</p> <p>The denominator of this indicator is all participants (net counting) who directly participate in capacity development activities funded by the DGM, and the numerator is the number of participants who respond in an ex-post survey or an interview on whether their role or influence in FIP and other REDD+ processes increased compared to before participating in the</p>	Baseline to be established	5%	25% Cu. 30%	20% Cu. 50%	20% Cu. 70%	5% Goal to be achieved in year 5 (75%)

<p>activities. The survey or interview captures the response (“yes” or “no”), along with supporting anecdotal evidence.</p> <p>Note: This is a modified version of the core sector indicator for Social Inclusion which is: Vulnerable and marginalized beneficiary population who participate in non-project consultations and decision making forums (%).</p>						
<p>Indicator Name :People in targeted forest and adjacent communities with increased monetary or non-monetary benefits from forests. (#, disaggregated by gender and indigenous/non-indigenous group)</p> <p>Description: This indicator is for capturing the scale of sub-projects/activities’ impact, including both monetary and non-monetary benefits, as well as incentivizing active participation and involvement of women in the sub-projects/activities. Non-monetary benefits may include improved access to forests, improved clarity of tenure, improved understanding or awareness of forest-climate policies and negotiations, etc.</p> <p>“People” are those who directly participate in interventions funded by the DGM and derive benefits from them. Persons who benefit from interventions without directly participating in the activity should not be counted (i.e., community members receiving media outreach or radio broadcasts funded by DGM). When estimating the number of people trained, it is essential to avoid double counting – that is, if same individual participates in a series of similar training events he/she is counted only once</p>	0	1275	1700 Cu. 2975	2550 Cu. 5525	1700 Cu. 7225	1275 Goal to be achieved in year 5 is 8500
<p>Name: Project beneficiaries perceive DGM governance and processes as transparent and inclusive. (% , disaggregated by gender and indigenous/non-indigenous group)</p>	0	5%	25% Cu. 30%	20% Cu. 50%	20% Cu. 70%	5%

<p>Description: This indicator is for capturing the level of representation, equity and transparency of the DGM governance structure through stakeholder surveys and helping the task team address the risk of conflict among stakeholder groups.</p> <p>Stakeholders include grantees, members of NSC (National Steering Committee) and GSC (Global Steering Committee), IPCLs that present proposals to DGM for funding and government representatives involved in the FIP and DGM in the countries. “Transparent” is defined in terms of timeliness, accessibility and scope of the disclosure of the DGM related information and materials to the public at the country and global levels. “Inclusive” is defined in terms of the intensity, frequency and accessibility of DGM related processes through the program cycle. Surveys could capture direct “yes” /“no” answers for both “transparency” and “inclusiveness” with supporting anecdotal evidence.</p>						<p>Goal to be achieved in year 5 (75%)</p>
Intermediate Results Indicators						
Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5
<p>Name: Targeted REDD+/SFM-related capacity development events based on needs assessment (#)</p> <p>Description: This indicator will measure the number of capacity development events organized by the project based on the capacity needs assessment conducted during year 1 of project implementation.</p>		5	15	10	10	End Target – 40 events
<p>Name: Beneficiaries that have participated in capacity development events on process for securing community forest</p>						End Target- 500 beneficiaries

<p>use and management rights, including the recognition of traditional livelihoods and customary governance (#)</p> <p>Description: This indicator will measure the number of beneficiaries that have participated in capacity building activities on the process to secure forest use and management rights with the recognition of traditional livelihoods and customary governance and started/drafted/submitted an application to the relevant authority.</p>						
<p>Name: Consultations with 3-tier governments on REDD+/forest-related topics (#)</p> <p>Description: This indicator will measure the number of consultations between beneficiaries and representatives from the national, provincial and local governments on topics relevant to REDD+/forest policies and regulations.</p>	5	5	5	5	5	<p>5</p> <p>End Target - 25 events with federal and sub-national governments.</p>
<p>Name: Sub-projects successfully completed and achieved their objectives (consistent with FIP objectives).</p> <p>Description: This indicator is for capturing the level of success of sub-projects funded through DGM, promoting learning on what worked and what did not, and applying lessons learned to the future project design and implementation.</p> <p>To assess if a sub-project “successfully completed and achieved their objectives”, the following criteria will be used: (i) activity completed; (ii) fund disbursed; and (iii) results achieved.</p> <p>(i) Activities completed: All activities presented in the proposal of the sub-project are completed within the project period.</p>	5	25	20	20	5	<p>5</p> <p>End Target- 75%</p>

<p>(ii) Funds disbursed: All approved funds were disbursed for eligible activities.</p> <p>(iii) Results Achieved: Target(s) of indicator(s) on the sub-project objective is mostly achieved.</p> <p>To be considered as “successfully completed and achieved their objectives”, the sub-project needs to fulfil both criteria, as documented by NEA and reviewed by the NSC. For the results to be considered as “mostly achieved” by the sub-projects NEA and the NSC may decide what may be appropriate in the DGM Nepal Project, based on the nature of activities financed.</p>						
<p>Name: Grievances registered related to delivery of project benefits that are actually addressed (%)</p> <p>Description: This indicator is for measuring the effectiveness of the accountability as well as transparency mechanisms established by DGM and to help address stakeholder risk.</p> <p>Project monitoring systems in each pilot country should provide information on (a) the number of grievances made and (b) the number of these grievances that are resolved. This indicator will be a simple percentage of these two numbers, allowing projects to make a statement such as “x percent of grievances received through project redress mechanisms were resolved”. Further information, for example that captures the nature of grievances, or plaintiffs’ satisfaction with the outcome, will be beyond the scope of this indicator.</p>	5	30	25	20	10	End Target- 90% of grievances registered
<p>Name: Knowledge products disseminated (#)</p>	5	5	5	5	5	5 (Goal to achieve is 25 knowledge products)

<p>Description: This indicator will measure the number of knowledge products developed and disseminated for various topics pertaining to the DGM Nepal Project.</p>						
<p>Name: Satisfaction of beneficiaries (% level of commitment disaggregated by gender and age)</p> <p>Description: This citizen engagement indicator will measure the rate of satisfaction of the project beneficiaries regarding their engagement in project implementation</p>		NA	NA	NA	NA	Goal to be achieved in year 5 (75%)

ANNEX I: Target Municipalities for Component-2

SN	Districts	Municipalities
Madhesh Pradesh (Province 2)		
1	Saptari	1. Hanumannagar Kangalini 2. Tirhut 3. Mahadeva
2	Siraha	4. Navarajpur 5. Aurahi 6. Bariyarpatti
3	Dhanusha	7. Janakpurdham 8. Mithila Bihari 9. Laxminiya
4	Mahottari	10. Jaleswor 11. Bardibas 12. Ekdara
5	Sarlahi	13. Parsa 14. Bramhapuri 15. Haripurwa 16. Hariban
6	Rautahat	17. Durga Bhagawati 18. Rajdevi 19. Madhav Narayan
7	Bara	20. Pacharauta 21. Devtal 22. Suvarna
8	Parsa	23. Birganj 24. Jagarnathpur 25. Paterwa Sugauli
Lumbini Pradesh (Province 5)		
1	Nawalparashi West	1. Sunawal 2. Sarawal
2	Rupandehi	3. Sainamaina 4. Kanchan 5. Devdaha 6. Lumbini Sanskritik
3	Palpa	7. Baganashkali 8. Tinau 9. Rainadevi Chhahara
4	Kapilvastu	10. Shivaraj 11. Buddhabhumi 12. Banganga
5	Argakhachi	13. Shitganga 14. Panini
6	Pyuthan	15. Sarumarani
7	Rolpa	16. Runtigadhi
8	Dang	17. Ghorahi

		18. Lamahi 19. Rapti 20. Banglachuli
9	Banke	21. Kohalpur 22. Baijanath 23. Khajura
10	Bardia	24. Bansgadhi 25. Badhaiyatal

ANNEX II: Potential Project Activities

Income-generating activities

- Butter tree plantation and post-harvest (Chiuri in Nepali)
- Wood apple promotion /plantation and post-harvest
- Bee-Keeping (bee breeding, honey production and processing)
- Production and post-harvest for medicinal, aromatic plants and spices such as Cinnamomum (Dalchini), Bay leaf (Tej Patta), Saffron (Kehsar), Aniseed (Soup)
- Production and post-harvest for Sichuan Pepper, black pepper, turmeric, ginger, etc.
- Ganoderma and other Mushroom Cultivation and post-harvest
- Enterprises for the production of leaf plates (Tapari, Duna, Bota)
- Value added Bamboo Products (Handicraft and Furnitures)
- Lokta Paper Making (Handmade Nepali paper)
- Broom grass Cultivation and post-harvest
- Allo Fibre Processing and Product Development
- Nursery Raising for fruit and fodder trees, medicinal plants including NTFPs
- Promotion of Fruit Nursery (mango, avocado, peach plum, dragon fruit, guava, and citrus- lemon, orange, etc) and post-harvest
- Support for Community Seed Bank establishment
- Gooseberry or *amala* (*Embllica officinalis*) production and post-harvest
- Basketry production from munj sweetcane (*Saccharum bengalense*), wild sugarcane (*Saccharum spontaneum*) also very good plants for soil erosion control
- Post-harvest /processing from seed of *Shorea robusta* (Sal tree) for vegetable butter
- Thakal (Palmae) Processing and Value Addition
- Rani Bel (*Aegle marmellous*) Production and Processing
- Riverbed farming for resource poor households
- Sitake and other Mushroom Cultivation and Processing
- Nepalese hog plum -Lapsi (*Choerospondias axillaris*) production and post-harvest
- Incense Stick (Agarbatti) Production
- Rattan (Bet) production and post-harvest (handicraft and Furniture Production)

- Post-harvest supports for Chiuri, Bel and other NTFPs
- *Asparagus racemosus wild* (Kurilo) Cultivation and Processing
- Jam/Jelly, Ginger and Lapsi Candy production
- Organic Pesticide Enterprises Establishment
- Goat Farming
- Sericulture (Silk farming)
- Vegetable production
- Herbal Soap Production
- Promotion of Traditional knowledge and skill based as of IGA/Enterprises of IPs & LCs
- Homestay establishment for forest dependent communities who are residing nearby the conservation areas, national parks or community forest areas.
- Cultivation and post-harvest program of Medicinal and Aromatic Plants
- Babiyo (*Eulaliopsis binata*) Rope enterprise
- Nigalo (*Arundinaria falcate*) production and value addition
- Nettle leaf (Sisno) drying and processing
- Water harvesting pond/conservation pond and fish farming
- Water Source Protection and irrigations
- Forest regeneration demo plot
- Eco-Trail promotion
- Land Rehabilitation (Degraded Slush, barren land into stable agro-forestry through Sloping Agricultural Land Technology (SALT) and through plantation of nitrogen fixing plants, fodder trees, intercropped with Banana, Pineapple or other plants)
- Promotion of Improved Cooking Stove and Metal Stove
- Support to agroforestry (*Nursery, plantation, and management*)
- Model Family Forest Development
- Bio-Briquettes Production using forest killer weed Banmara Jhar
- Human Wildlife Conflict Management
- Building predator-proof corrals to prevent livestock loss by predators at night,
- Plantation of crops that are unpalatable to wildlife, such as peppermint, citrus fruit, turmeric etc.
 - Seed and seedling production for the conservation of native and threatened species and varieties
 - Agroforestry production systems and agroecological tillage practices
 - NTFPs/MAPs-sustainable consumption, production, processing, marketing and value addition
 - Value chain development and inclusive business of high value forest and agricultural commodities
 - Promotion of green enterprises targeting to youth and migrant returnees
 - Promotion of indigenous and traditional water, soil, and landscape management practices, including recovery of degraded areas and protection of water sources
 - Promotion of renewable energy through biogas and improved stoves
 - Traditional farming and cultivation practices that enhance local agro-biodiversity
 - Women's economic empowerment activities

Annex III: Description about the roles and responsibilities designated Project Staff

Project Management Team (PMU-Kathmandu)

1. Team Leader (Project Management)

- Report to: Executive Director

Overall Purpose of the Position:

- To lead the overall execution of the DGM Nepal Project.
- To act as focal person for the WB, NSC and ensure NEA delivers the project objectives.

Responsibilities:

- Oversee overall direction of the DGM Nepal Project and monitor project progress.
- Support the members of the project team including Grant/ Field Coordinator in smooth execution of the project.
- Perform delegated functions from the Executive Director as needed related with execution of the DGM Nepal project.
- Provide regular updates to RRN ED and Management, NSC, World Bank and other relevant stakeholders.
- Represent RRN as NEA to the World Bank, DGM Global and relevant stakeholders and other legal entities.
- Act as focal person for the WB on behalf of NEA and NSC and other relevant stakeholders of the DGM Nepal project.
- Monitor and support NSC in the handling of grievances and complaints received.
- Ensure completion of follow-up actions recommended by internal/external auditors and by the WB in implementation support reviews/ missions.

2. Monitoring, Evaluation and Knowledge Management Specialist

- Report to: Team Leader

Overall Purpose of the Position:

- Lead development and implementation of M&E and Knowledge Management (KM) procedures related to SFM, REDD+ and NRM
- Lead the development and implementation of DGM Nepal Project KM and Communication strategy, including the development and implementation of tools that support this strategy (website, online collaboration platform, learning notes).

Responsibilities:

- Design a comprehensive M&E framework, KM, outreach and communication strategy for the DGM Nepal for the entire duration of the project;
- Manage the project monitoring and evaluation system following the NEA's M&E system and as a requirement of the DGM Nepal project.
- Ensure that necessary data/information/reports required to generate project reports to stakeholders are appropriately provided accurately and on time.

- Prepare reports for the Team Leader and Project Management team NEA, NSC and to the World Bank as needed.
- Conduct outcome/impact assessment of the small-grants and capacity building components of the project including the lessons learned.
- Co-ordinate and assist monitoring visits/missions by the World Bank, NSC members and NEA staffs and relevant stakeholders.
- Manage database of the DGM Nepal project activities and provide necessary data to the relevant stakeholders.
- Prepare suitable program and action plan for the development and dissemination of learnings from DGM Nepal project.
- Prepare communication and dissemination plans and programs about the processes and outcomes of DGM Nepal project, and
- Support Team Leader, Field Coordinator /Grant Managers for the data management and communication.

3. Project Finance Manager

- Report to: Team Leader

Overall Purpose of the Position:

- To support in overall financial management including budgeting, flow of funds (small grants and scholarship), accounting, financial reporting and auditing to ensure transparency and accountability in DGM Nepal Project.

Responsibilities:

- Prepare project's quarterly and annual cash flow plan on the basis of work plan and related procurement plan.
- Support on maintaining and operating the DGM Nepal project's designated account and making payments to contractors, bidders, consultants and service providers and verifying and authorizing payments for all activities under the project.
- Review transactions completed by the Accounts Officer for accuracy and reliability.
- Prepare unaudited annual Project Account and FMR of the project.
- Provide required support to the Project on overall financial management including planning and budgeting, accounting, internal controls, financial reporting, internal/external auditing and funds flow management.
- Ensure a proper management and disbursement of project funds following a sound accounting, budgeting, financial control and audit procedures acceptable to the World Bank.
- Ensure proper compiling of audit recommendations, take actions as decided by the Board to resolve the audit observations and complete follow-up actions.
- Ensure that all project transactions are booked timely & accurately and preparation of all requests for payments.
- Carry out control and filing of all documents related with financial activities, invoices and other documents relating to project transactions.
- Ensure that all documents are kept appropriately and are made available to the independent auditor and World Bank Supervision Missions for examination.
- Provide the Auditor with access to copies of all necessary documentation information and supporting materials.

- Ensure implementation of general principles and policies of budgeting, accounting, auditing, internal controls and financial monitoring are fully complied in the Project.

4. Account Officer

- Report to: Finance Manager and Team Leader

Overall Purpose of the Position:

- To ensure that the expenditures for the DGM Nepal Project are recorded and expenses are incurred following the WB and NEA's financial policies and procedures and support the Finance Manager in day-to-day financial management of the projects and auditing to ensure transparency and accountability in DGM Nepal Project.

Responsibilities:

- Update and maintain the DGM Nepal Project's financial records by recording the day-to-day financial transactions accurately and reliably with supporting documentation
- Assist in the preparation of budgets, procurement plans, financial reports together with the TL and Finance Manager.
- Ensure World Bank compliance for the DGM Nepal Project.
- Prepare and update Project's financial report.
- Use Client Connection as a registered user and submit required reports for signatories' approval and signature
- Oversee the disbursement and release of funds for the grantees as per contract and,
- Any other such work assigned by the Finance Manager and Team Leader

5. Procurement Officer

- Report to: Team Leader

Overall Purpose of the Position:

- Ensure the procurement of equipment, goods and services are executed in accordance with World Bank Procurement rules, regulations, policies, procedures, and financial planning and in accordance with requisitions submitted by the DGM Nepal Project.

Responsibilities:

- Managing the project procurement through implementing all policies and procedures related to procurement activities and ensuring the Bank procurement regulations are followed in all transactions planned by DGM Nepal Project.
- Participating in procurement related meetings at WB or team meetings in order to ensure timely implementation progress with a focus on procurement -related activities.
- Supporting management of contracts including inspection, ensuring compliance with terms and conditions of contract, proactively addressing delays, trouble-shooting problems, assisting in contract amendments, and ensuring completion of the delivery works.
- Developing and updating the project procurement plans using World Bank STEP to manage and track procurement activities including costs, timeline, status etc.

6. Documentation and Communication Officer

- Report to: Team Leader

Overall Purpose of the Position:

- Ensure regular communication between NSC and NEA and provide support for the overall project documentation in terms of collecting, compiling, storing and sharing all project documents, reports, meeting minutes, publications, data collection, etc.

Responsibilities:

- Facilitate regular coordination and communication with NSC, PMU and Provincial team at office and stakeholders as per the direction of the DGM Nepal Project's team leader.
- Document required information of project activities and update organizational information as required for reporting and publication.
- Prepare meeting minutes, project reports and organizational reports as required by project documents and guidance.
- Develop and update reporting systems/channels within the organization and across partner organizations.
- Develop systematic archives (electronic or other) and update regularly ensuring that required documents are available as and when necessary.
- Disseminate organizational and programmatic achievements by establishing institutional connection with media.
- Regularly update NEA's website and also develop electronic periodic bulletin and disseminate among stakeholders and,
- Assist Team Leader, M&E and KM and Field Coordinator for effective monitoring, supervision and reporting on all project and organizational activities.

7. Program Officer

- Report to: Team Leader

Overall Purpose of the Position:

- Provide support to team leader to ensure effective coordination, communication and management support to the respective PMU, NSC members, Field Staff and Stakeholders in terms of program planning, implementation and facilitation of monitoring and supervision meeting.

Responsibilities:

- Support program planning and coordination with NSC
- Support Team Leader and M&E to maintain and monitor project plans, schedules, work hours, budget, and expenditures, as well as prepare quarterly methodological planning for the activities and for the tasks with key milestones, timeline and deliverables, and in line with the POM activities.
- Support implementation of the project activities while providing the required support when needed.
- Draft TORs to recruit needed experts, consultants and trainers and finalize them upon WB's approval.
- Draft contracts for the needed experts and finalize them upon WB's approval.
- Support documentation and communication team to ensure all documentation is maintained appropriately for each component.

8. Office Secretary

- Report to: Team Leader

Overall Purpose of the Position:

- Responsible for facilitating regular communications, day to day office operation and management support.

Responsibilities:

- Receive DGM Nepal Project visitors and direct them to the appropriate departments or individuals.
- Receive telephones and respond to inquiries via telephone or email.
- Book meeting rooms, set up conference calls and take messages and minutes during meetings.
- Perform administrative tasks, including filing and photocopying.
- Manage database entry and client files.
- Order and maintain supplies.
- Organize and distribute messages.
- Make and confirm travel arrangements, and
- Prepare and mail outgoing correspondence.

9. Office Support Staff

- Report to: Team Leader

Overall Purpose of the Position:

- Responsible to help the DGM Nepal Project staff in the Project office as a messenger, sweeper, document scan, and other support work whenever needed to run office smoothly

Responsibilities:

- Oversee clerical tasks, such as cleaning office, sorting and sending mail.
- Keep an inventory of office supplies and order new materials as needed
- Collect and deliver files and messages.

Provincial Level:

1. Grant Monitoring Field Officer/Field Coordinator

Report to: Team Leader

Overall Purpose of the Position:

- Implementing the DGM Nepal Project at provincial level, facilitating small grants and other supports from the project ensuring that grantees are qualified, their projects are aligned to the purpose of the DGM Nepal project and supporting the strategies of NEA in a manner that is fair, efficient, effective, financially sound and sensitive to Indigenous People/Local Community (IPs & LCs).

Responsibility:

- Coordinate with Project team, relevant stakeholders and project beneficiaries (IPs & LCs) and implement the planned /approved activities of DGM Nepal project at provincial level.

- Facilitate, implement the project activities and monitor the small grants, scholarship supports and other capacity building other activities that will be implemented in the province.
- Assist the project proponents (IPs & LCs) in project development and preparation with assistance from project team and designated experts.
- Communicate and co-ordinate with project proponents as needed.
- Provide support to the project applicants for capacity building including scholarship for the appropriate trainee, access to small grants for the qualified and selected small grantees.
- Regularly monitor progress of the grantees, trainees and other activities supported by the DGM Nepal project and report to the Team Leader, /project team at PMU Office (Kathmandu)
- Report and coordinate closely with the Team Leader and Project Team when and where necessary.
- Engage in regular monitoring, reporting and communications to the project team and relevant stakeholders.
- Closely coordinate with the Finance Team regarding the support requirements for the implementation of small grants and other activities of the project in the assigned province.
- Assess the capacities of grantees and NSC members and develop training and capacity.
- Coordinate implementation of trainings and communication interventions under all the components of the project.
- Ensure adequate visibility of the project activities and achievements considering IPs & LCs needs, prevention targets of DGM Nepal Project requirements.
- Ensure timely submission of all the reports from the field as required by the DGM Nepal Project.

2. Field Officer

- **Report to:** Field Coordinator

Overall Purpose of the Position:

- Responsible for the execution of the project deliverables at field sites, facilitation of the project meetings and pieces of training, conducting monitoring and evaluation of the project implementation, and reporting project progress and issues.

Responsibilities:

- Actively engage in the implementation of DGM Nepal project activities at Madhesh and Lumbini Provinces.
- Monitor the project progress by the timeline and ensure adherence to the timeline throughout the project duration.
- Maintain records and reports of related project activities at the field.
- Coordinate with the provincial stakeholders and support field coordinator to arrange meetings and workshops and manage other logistics relevant to the project.
- Manage project logistics for day-to-day activities, including research activities, budgeting, implementation, monitoring, and reporting.

Technical Team (Consultants)

1. Climate Change, REDD+ and Sustainable Forest Management Specialist

- Report to: Team Leader

Overall Purpose of the Position:

- Responsible to provide technical support on climate change, REDD+ and Sustainable Forest Management related to DGM Nepal Project Interventions

Responsibilities:

- Provide NEA and NSC to streamline workflows on climate change, REDD+ and Sustainable Forest Management.
- Support NEA to prepare DGM Nepal Project interventions on climate change, REDD+ and SFM.
- Build the capacity of IPLC to engage in and benefit from SFM and REDD+ and payment for ecosystem services schemes, financial and labour support for knowledge-holders and youths.
- Support IPs & LCs organizations to prepare project concepts and proposals on different forest related themes.
- Support to prepare the guidelines and manuals.
- Support to organize training and workshops.
- Provide technical assistance (institutional support and capacity building) to IPs & LC organizations on grant proposal preparation, project implementation, monitoring, reporting and evaluation.
- Carry out any other tasks as the NEA may specifically assign.

2. Environmental and Social Specialist

- **Report to:** Team Leader

Overall Purpose of the Position:

- To provide guidance and advice on environmental and social aspects and any other form of assistance needed by the project regarding ESMF compliance.

Major Responsibilities:

- Provide overall environmental and social management advice during the implementation of DGM Nepal Project.
- Support and advise the grantees in addressing a variety of environmental and social issues at all the stages of the implementation of the DGM Nepal Project and in environment and social safeguards related to training/awareness raising and coordination activities.
- Monitor compliance of the project with the Environmental and Social Management Framework (ESMF) of the project.
- Prepare necessary documents, such as environmental guidelines and tools in consultation with NSC and help the Grantees in managing additional and/or special studies/assessment, if necessary.
- Ensuring that each subproject and activities under the project is subjected to the Project ESMF process and procedures.

- Conduct environmental and social safeguard orientation & awareness, and training on ESMF if needed.
- Review project activity plan and design to ensure environmental factors and mitigations are incorporated, and project/activity documents and environmental documents are in harmony.

3. Market Systems & Entrepreneurship Specialist

- Report to Team Leader

Overall Purpose of the Position:

- Take lead to develop better business development strategies, review EOIs and business plan, plan analysing current & future market prospect and rapid assessment of the forest-based enterprises as demanded by entrepreneurs in Madhesh and Lumbini Provinces.

Major Responsibilities:

- Prepare market, enterprise and business development framework and implement in DGM Nepal Project;
- Conduct Business Opportunity Assessment (BoA) of major forest-based products in Madhesh and Lumbini Provinces;
- Carry out rapid assessment and mapping of existing enterprises to identify appropriate livelihood opportunities for IPs and LCs forest-based enterprises development in Madhesh and Lumbini Provinces;
- Provide business and enterprise promotion training;
- Provide support to develop business proposal for existing & new entrepreneurs.
- Review EOIs, collect demand from entrepreneurs for establishing/upgrading of the enterprises/businesses;
- Collaborate with potential partners and relevant stakeholders to support entrepreneurs/enterprises; and
- Any other tasks assigned by Team Leader to support in DGM Nepal Project implementation.

4. GESI and Indigenous Peoples and Local Community Specialist

- **Report to:** Team Leader

Overall Purpose of the Position:

- Take lead to advocate the roles and responsibilities and protection of the rights of IPs & LCs (from GESI and IPs & LCs prospect) on forest resources and also ensure the socio-economic empowerment of IPLCs through capacity building and small grant support under DGM Nepal Project.

Major Responsibilities:

- Develop and implement strategies and programs for IPs & LCs in the context of GESI, governance, land tenure and mitigation/adaptation to climate change.
- Develop GESI Plan, social commitment plan and other safeguards and ensure compliance with the World Bank's Environmental and Social Framework.
- Identify and address GESI issues specific to the project at strategic and operational levels.

- Engage in policy dialogues in the forestry sector; contribute to the development and implementation of GESI sensitive policies, strategies and guidelines.
- Identify and carry out capacity building of organizations and associations of disadvantaged groups in order to enable their effective participation in the project.
- Contribute to the establishment of GESI sensitive planning, monitoring and evaluation system at program implementation by ensuring that data collection, analysis and reporting is conducted in a socially disaggregated manner.
- Prepare training modules for different levels for widening and deepening awareness and skills on GESI matters.
- Develop knowledge sharing mechanisms to build positive initiatives for the rights of IPs & LCs.
- Strengthen IPs & LCs and their knowledge systems requires; promoting activities in-situ where the knowledge is produced, governed and validated; ensuring that information storage adheres to relevant standards.
- Build the capacity of IPs & LCs to engage in and benefit from SFM and REDD+ and Payment for ecosystem services schemes, financial and labour support for knowledge-holders and youths.
- Conduct a gender assessment reviewing the role of both females and males from IPLCs on SFM, Climate Change and REDD+.
- Ensure meaningful participation and engagement of IPs & LCs.
- Promote and strengthen the conservation of the in-situ knowledge systems of IPs & LCs where it is gathered, used, applied, renewed, enhanced, tested, validated, transmitted, shared and governed.
- Provide technical assistance (institutional support and capacity building) to IPs & LCs organizations on grant proposal preparation, project implementation, monitoring, reporting and evaluation.
- Develop culturally appropriate communication tools for IPLCs in Nepal.
- Carry out any other tasks as the NSC may specifically assign

5. Financial Management Specialist

- **Report to:** Team Leader

Major Responsibilities:

- Ensure the Nepal DGM Project activities comply with the Financial Management policies of World Bank and RRN.
- Prepare unaudited interim financial reports (IUFR) on a quarterly basis to be submitted to the Bank.
- Organize annual audits.
- Understand, analyze and explain appropriately the implication of present and future financial decisions.
- Manage the projects' budget based on the policies adopted by and overall guidance of the NSC and team leader.
- Forecast monthly, quarterly, annual requirements of the fund as per the needs of programs and regular administrative expenditures.
- Provide technical assistance (institutional support and capacity building) to IPLC organizations on grant proposal preparation, project implementation, monitoring, reporting and evaluation.
- Carry out any other tasks as the NEA may specifically assign.

6. Procurement Specialist

- **Report to:** Team Leader

Major Responsibilities:

- Prepare and update procurement plans for the DGM Nepal project (Secretariat and grantee levels)
- Provide guidance to PMU team mainly procurement officer on applicability of the World Bank Procurement Policies and Guidelines.
- Advise PMU on the development of procurement strategy and procurement plan to ensure compliance with the required procedures specified in the Grant Agreement for the Project.
- Work closely with the PMU, TL and Procurement Officer in the management of the procurement process; evaluation and negotiations of contracts; preparation of procurement documents, such as quotations/bidding documents, request for proposals, bid/proposals evaluation reports, technical and combined evaluation reports.

ANNEX IV : CONCEPT PAPER TEMPLATES

Concept Paper Template

Name of Applicant	
Title of the Proposed Project	
Requested Budget	
Duration of Proposed Project	
Contact Details	
Registration Details	
CALL FOR PROPOSALS	
DATE OF SUBMISSION	

Brief Description of Proposed Project: Please provide a brief statement of the problem or opportunity which will be addressed by your project. Describe overall objectives and expected results. Also, describe involvement of other partners and their role if any. Include information on direct beneficiaries and geographical focus.

Relevance of Proposed Project: Demonstrate how your proposed project is relevant to the "Call-for Proposals". Also explain how your proposed project is relevant to targeted beneficiaries and what the added value of your proposed project will be.

Sustainability: Explain how the results of your proposed project will be sustained after completion. Indicate if and how your project can be replicated and expanded.

Experience:

- (i) Did you implement a similar project in the past? If yes please briefly describe the project, indicate its budget and key achievements.
- (ii) Why do you think you have the sufficient expertise to implement your proposed activities?

Duly authorized to sign on behalf of the applicant:

Name	
Position	
Date	
Signature	

ANNEX V: FULL PROPOSAL TEMPLATES

Proposal Format

NAME OF THE APPLICANT	
PROJECT TITLE	
CONTACT DETAILS	
AMOUNT OF GRANT REQUESTED	
DURATION OF THE PROJECT	
TARGET GROUPS/ BENEFICIARIES	
GEOGRAPHICAL FOCUS	
CALL FOR PROPOSALS	
DATE OF SUBMISSION	

Part I – ORGANIZATIONAL DESCRIPTION/ HISTORY

This section will provide a general overview of your organization and its relevant experience related to the Call for Proposal. This section should include:

- The organization’s history
- The organization structure – including which structure that will be funded by the requested grant
- Relevant experience and accomplishment

- Relevant established partnerships and/ or relationship that will be important to carrying out the activities funded by the grant

- Information about prior grant received

Part II - BRIEF PROJECT DESCRIPTION

This section will provide a general overview of the proposed project in relation to the objectives of the Call-for-Proposal. Briefly state the current context related to the proposed project, target beneficiaries & geographical focus and how your project will address the problem or opportunity and achieve intended results.

Part III - SITUATION ANALYSIS

Describe the situation by referring to relevant reviews as well as figures and explain the problem or opportunity to be addressed.

Part IV – IMPLEMENTATION STRATEGY

This section should detail how the project will achieve its intended result and what approaches will be used to maximize the impact as well as ensure sustainability. Please also indicate any potential risks and issues related to your project implementation and how you plan to address them.

Part V - RESULTS FRAMEWORK & WORK PLAN

Outcome:					
EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME			
		Month 1	Month 2		

Part VI - MANAGEMENT ARRANGEMENTS

Describe organizational structure and personnel required to implement the proposed project. Define roles and responsibilities of personnel or parties to be involved. Describe the proposed internal control arrangements to provide oversight of the project.

Part VII - MONITORING AND EVALUATION

Please describe how you will monitor and evaluate your project.

Part VIII – RISKS

Please describe the anticipated environmental and social risks of the project and these risks will be monitored and mitigated.

Part IX- BUDGET

Please note that the maximum operating cost for the proposed activities is 15% of the total budget.

What is included in the operating cost?

- Salary
- Equipment rental
- Office Supplies
- Communication
- Premises

S.N.	Activities description	Unit	Quantity	Unit Cost	Amount

Duly authorized to sign on behalf of the applicant:

Name

Position

Date and Signature

ANNEX VI: REPORTING TEMPLATES

Template of Narrative Progress Report

Project Title	
Organization Name	
Reporting Period	
Amount Installment Received	
Total Grant Amount	
CALL FOR PROPOSALS	
GRANT APPROVAL DATE	
GRANT CLOSING DATE	

Section 1: Summary

Please describe the summary of project progress

Section 2: Project Component and Progress

Please describe the project components, its deliverables and detailed progress updates.

- *Use agreed RF for reporting.*

Section 3: Challenges and Issues (including ES risks)

*Please describe the challenges and issues encountered during activity implementation.
How does your organization overcome it?*

Section 4: Planned Activities

Please describe your planned activities within the project components and your implementation plan

Prepared by

Signature

Date

ANNEX VII: TEMPLATE FOR E&S REPORT FOR NEPAL DGM PROJECT

Template of E&S Report

This report should be submitted together with the Narrative Report

TABLE 1: ENVIRONMENTAL AND SOCIAL MANAGEMENT PLAN (ESMP) TEMPLATE

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

*Significance- Minimum, medium, and high

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

ANNEX VIII: TEMPLATE FOR FINANCIAL REPORT

Template Financial Report

Statement of Expenditures																
Payment made during the period from <input type="text"/> to <input type="text"/>																
The following expenditures have been incurred during the retroactive financing period (please tick) <table border="1" style="float: right;"><tr><td>Yes</td><td>No</td></tr></table>															Yes	No
Yes	No															
The following expenditures have been incurred before the closing date of the loan/credit/grant (please tick) <table border="1" style="float: right;"><tr><td>Yes</td><td>No</td></tr></table>															Yes	No
Yes	No															
												Financier				
												Loan/Credit/Grant #				
												Application #				
												Category #				
												Page #				
											ONLY for the Designated Account					
1	2	3	4	5	6	7	8	9	10	11	13	14	15			
Item No	Supplier's Name	Brief Description of the expenditure	Prior Review Contract? (YES or NO)	Contract # (Client Connection # for Prior Review contracts)	Contract currency and amount (original + amendment)	Invoice number	Date of payment	Total amount of invoice covered by Application (net of retention)	% Financed by the Bank	Eligible Amount (Col 9 X 10)	Exchange rate	Date of Withdrawal from the Designated Account	Amount Withdrawn from the Designated Account (Col 11 / 12)			
								0.00			0.00	TOTAL	0.00			
Supporting documents for this SOE are retained at _____																
(insert location)																
A separate form should be used for each category																

Annex IX DGM Nepal Project Exclusion List

The sub-grant or other project activities of DGM Nepal Project is not eligible for the following activities (Negative List). Inclusion of one or more of these activities within the work-plan will cause rejection of the proposal.

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