

Environmental and Social Risk Management

The subprojects receiving the grant from the project should comply with all the applicable national environmental and social regulations and requirements of the Government of Nepal (GoN), the World Bank's Environmental and Social Framework (ESF) and Project's Environmental and Social Management Framework (ESMF). As a standard procedure, every subproject to be financed under the project will undergo an E&S screening before it is selected for support under the project. The level of environmental and social impacts and risk categories of subproject as the result of screening exercise, will inform the scope of detailed assessment. Based on the assessment, specific and appropriate safeguard instruments/plans for examples, Brief Environmental Study (BES), Initial Environmental Examination (IEE), Environmental Impact Assessment (EIA)/ESIA, and Environmental and Social Management Plan (ESMP), Environmental Code of Practices (ECoP), Integrated Pest Management (IPM) Plan etc. may need to be prepared and implemented effectively to mitigate the identified risks and impacts of subprojects. The project's major provisions for environmental and social management are as follows:

- Environmental and social screening report is mandatory for every subproject. The E & S screening checklist for the PP sub projects is attached in **Annex- //**.
- The Project's fund will not be provided to the high-risk subprojects identified by screening report and the activities that falls under negative (exclusion) list mentioned in **Annex //**.
- The subproject proposal requiring Environmental and Social Management Plan (ESMP) and Integrated Pest Management (IPM) plan need to be papered and implemented as per the Annex-2 and the guidance note provided in Annex- 10 of Project's ESMF respectively.
- The ECO safeguard focal persons with the support from OPD E & S safeguard experts will prepare the required safeguard instruments as demanded by screening report. They will also assess the suitability of Business Plan (BP) for project financing and validate through site inspection. Similarly, the ECO Chief will recommend BP for approval by the OPD.
- The Project Director from OPD will approve the BP ensuring all the E & S requirements are incorporated in BP and completion of screening and E & S assessment and necessary safeguard instruments are prepared with appropriate mitigation measures allocating budget and after taking necessary clearance from the concerned authorities (if needed), and ensuring the sustainability of subprojects that adopting climate smart and environment friendly options and energy efficient practices.
- The grant recipient organizations (i.e., POs) at the field level are the key entity responsible for the implementation and compliance of the E & S risks and impacts mitigation measures mentioned in safeguard instruments.
- The OPD/ECOs will assign a qualified staff (particularly the E & S Safeguard Specialist/Focal Persons) to take remedial actions in the event of non-compliance and/or adverse impacts, investigating complaints, evaluating and identifying corrective measures, advising the POs if additional action is needed to improve surrounding environment and overall supervision and compliance monitoring during implementation of Safeguard instruments of subproject.

- The subprojects proponent receiving the grant should comply the Environmental and Social (E&S) safeguard mitigation measures stipulated in safeguard instruments, Project's E & S Code of Conduct (CoC); safeguard commitments on Productive Partnership (PP)'s subproject proposal and BP along with the conditions as stipulated in subproject grant agreement.
- The subproject grantee with the support from the OPD TA, will periodically update the progress of implementation of E & S mitigation measures stipulated in safeguard instruments against the milestones specified in tranches in the start-up grant agreement as per the template provided in **Annex-III** of start-up grant operating manual.
- E & S risks should be managed and reported in each milestone specified in transection cycle. These reports will be approved by both the assembly of PO members and the respective ECOs. Delays in tranche progress reports will require supervision by ECOs.
- For the transparency and sustainability of the subproject, the POs should organized meaningful public dialogue, engagement and periodic consultations with the stakeholders (e.g., Women, IPs and Dalits etc.) to disclosure the subproject's information (purpose, nature, scale and duration of proposed subproject and associated activities during preparation, construction and operation etc.) and overall implementation status of subproject through public hearing, national and local prints, broadcast and social media, information board, progress reports etc.
- The subproject proponent will be responsible to redress grievances (both SEA/SH and non-SEA/SH) received related to the subproject as per the Project's Grievance Redress Mechanism (GRM) Guideline, 2078 (2022 AD).
- During the implementation of the subproject, if the proponent receiving grant has to implement other works, except as mentioned in the safeguard instruments, the subproject should be coordinated with the project and managed in such a way that the grant amount of the project does not increase.

Annex-////: Sample Code of Conduct

Name of Subproject:

Name and Address of POs/Cooperatives/Company/Firm:

Under the competitive subproject start up grant of Rural Enterprise and Economic Development (REED) Project, Government of Nepal (GoN) with financial support from the World Bank, the aforementioned POs/Cooperatives/Company/Firm expressed our commitments to follow the following Code of Conduct (CoC) related to environmental and social safeguards during implementation of the subproject. At the same time, we will remain committed to complying with these commitments even after the completion of this subproject.

- a. The subprojects will be implemented without encroaching into protected areas including national parks, wildlife reserves, and their buffer zones and/or convert or degrade critical natural (aquatic and terrestrial) habitats.
- b. The subproject will be operated by minimizing the negative impact on forests, vegetation, water sources, soil fertility or other natural resources without creating environmental problems such as landslide, soil erosion, fire, deforestation, and air, soil and water source pollution etc.
- c. During the implementation of subprojects, introduction of non-native or non-locally adapted species, breeds, genotypes or other genetic material to an area or production system, or modification in any way the surrounding habitat or production system used by existing genetic resources will not be practiced.
- d. The subproject will be implemented without exclusion/restriction of certain groups who are traditional users, from accessing an otherwise open-access resource which they have traditionally accessed such as public forests, lake or rangelands.
- e. The subprojects will be implemented without affecting the national heritage and others important religious, historical, archeological areas, temples, graveyards and other sites that are considered sacred by the local community.
- f. The project funds will not use to purchase pesticide and agrochemicals. The subprojects will not use chemical pesticides banned by the Government of Nepal and if needed to use, only the licensed pesticides purchased from authorized dealers will be used in a safe manner according to the prescribed limit and methods and for the effective farm management and sustainability, record regarding the used number of pesticides, amount, method of use, time, storage and disposal will be maintained.
- g. Where possible and feasible, climate-smart and environment friendly options will be chosen, including climate smart agriculture practices and improved agronomics, and energy efficient practices/infrastructure etc.
- h. The waste generated during the operation of subprojects will be managed and disposed not polluting the environment.

- i. The subproject will generate employment opportunities and directly benefit tribal, marginalized, vulnerable and disadvantaged groups such as IPs, Dalits, religious minorities, landless, female-headed households, among others.
- j. The sub project will be conducted as mentioned in the proposal without hindering the means of livelihood, culture, traditions and rights of marginalized and at-risk communities.
- k. The workers working in the subproject will be provided with safe drinking water, toilets, sanitation and first aid facilities at the work sites and adequate occupational health safety measures according to the nature of the work.
- l. Children and other individuals or communities will not be forced to work in activities involving harmful or exploitative forms of work.
- m. In addition to giving preference to female and local labours to avoid labour influx in the subproject, wages will be determined according to the nature of work and not making any kind of gender, caste, religious or any other discrimination for equal work.
- n. Arrangement of the land required for the operation of the sub project shall be made as mentioned in the subproject proposal.
- o. The high-quality construction materials will be used during the construction work of the subproject and to properly manage the waste generated during the construction work.
- p. Any kind of Sexual Exploitation and Abuse and Sexual Harassment (SEA/SH) and Gender Based Violence (GBV) in the workplace will be strictly prohibited. The Project's SEA/SH prevention and response action plan will be followed during implementation of subproject.
- q. To redress grievances received related to the subproject will be addressed as per the Project's Grievance Redress Mechanism (GRM) Guideline, 2078 (2022 AD).
- r. Besides, the provisions of environmental and social safeguards specified by the national laws and regulations and as per World Bank's requirements will be comply during implementation of the subprojects.

Note:

The commitments of this code of conduct will be passed having signature with the consensus of all the members involved in the subproject and will be pasted at the appropriate place for all to see.

Signed by:

Name & Signature:

Position:

Official Stamp:

Contact Number:

Witness:

Name & Signature:

Position:

Contact Number:

Annex- //://: Environmental and Social Screening Checklist for PP Subprojects

A. Subproject Background

1	Name of Proposed subproject	
2	Location	Province: District: Municipality/ Rural Municipality: Ward No: Geographical coordinates:
3	Nature of Subproject (Agriculture/ Livestock/Processing etc.)	
4	Proposed subproject activities	Describe the subproject activities in one or two sentence to reflect the below listed information

B. Environmental & Social Checklist

S. N.	Screening Questions	Yes	No	Comments (Provide information/justification either for “Yes” or “No” if applicable)
1	Will natural resources (e.g., forest; water, sand, quarries etc.) within the subproject area be used for construction and operation activities in a significant quantity?			
2	Does the Subproject require expansion of farm areas or opening of new areas for cultivation?			
3	Does conversion of smallholders' home gardens into or as part of the PP monocrop commercial farm, could impact into agrobiodiversity and family food and nutrition security?			
4	Does the activities/subprojects that are located in defined/ known high risk zone such as landslide, erosion and sedimentation prone area, steep slopes, riverine area susceptible to annually flooding etc.?			
5	Does there any conflict due to open-access grazing, overgrazing of rangelands, soil erosion and land degradation?			

6	Is the subproject is planning to engage women, IPs and other vulnerable groups in the development of business plans and access to grants?			
7	Does the subproject proposal mentioned social inclusion criteria such as members shall be majority smallholders; PP should have open memberships written in their charters or organizational policies etc.?			
8	How many workers are likely to be hired for the proposed works? (Mention with estimated women/IP or vulnerable groups (or as defined by the project as target groups workers)	Skilled:	Semiskilled:	Unskilled:
9	Do the Subproject activities that promote or involve incidence of bonded and child labor?			
10	Will the disproportionate impact (e.g., unfavorable labor practices with low wages, long hours, no benefits etc.) on the poor women and vulnerable groups occurs due to cultivation of the high value crops?			
11	Will the subproject generate substantial amount of dust/air emission, noise/vibration beyond the level permitted by the law during construction and operation?			
12	Will the activity cause impairment of downstream water quality, risk causing contamination of drinking water, inadequate wastewater treatment or release of untreated wastewater/sewage?			
13	Does the subproject have proper waste management plan during construction and operation of PPs facilities (e.g., PP buildings, trading and marketing activities including collection, sorting, aggregation, minor post-harvest			

	treatment, packaging and transport of farm products etc.)?			
14	Will the subproject involve use of pesticides, chemicals/other hazardous materials during construction or operations phase? If “Yes”, please provide information and ensured the use of chemicals and pesticide only and up-to the national prescribed limit.			
15	Does the subproject planned to make available of alternate safe pesticides and chemicals and to promote use of bio-pesticides?			
16	Will the Project activities involve the handling of hazardous materials/contaminants? If “Yes”, please briefly explain how the Project plans safe transportation, storage and use and disposal of hazardous materials.			
17	Do the PP's Subproject proposals reflect requirement of health and safety related manual for installation of processing/manufacturing equipment or facilities and proper training of operators?			
18	Does the subproject plan to provide orientation/awareness to workers and local community about SEA/SH, OHS, safe handling and storage of pesticides and the risks of communicable diseases such as COVID-19?			
19	Does the subproject planned to provide technical assistance to undertake soil conservation measures (e.g., terracing, contour farming or agroforestry and bioengineering and river embarkment) for PP participants engaged in crop production in hilly lands?			

20	Will the subproject proposal provide access to bank and financial institutions for poor farmers and rural entrepreneurs?			
21	Has the subproject identified key PP's stakeholders and consulted with them about the project, and have them been informed about core subproject activities?			
22	Has the GRM been established at the subproject level as per the GRM guideline?			

C. Screening Conclusions and Recommendations:

1. Major issues and key findings from PP's stakeholders' consultation
2. Mentioned with reasons that the subproject is eligible (Base on item B above) for funding or not?
3. Categorize the subproject according to the risk (Category I: Not eligible for funding/ Exclusion list; Category II: Substantial Risk; Category III: Moderate Risk; Category IV: Minimal or no adverse risk)
4. Please mentioned the subproject needed to prepare safeguard instruments/tools for implementation including national requirements.
5. Scope of the assessments.

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D. Screening Team

Name	Position	Contact Number	Signature

Prepared by:

Approved by:

Approved Date:

Note:

This checklist is generic and designed as guide for identifying environmental and social risks and impacts of proposed subproject activities.