



Social Impact Management Framework Update

Indigenous People's Development Plan: *Upper Trishuli-1 Hydropower Project, Nepal*



Consultation Draft

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1.1

ABOUT THIS REPORT

The proposed Upper Trishuli-1 (UT-1) Hydropower Project (216MW) is on River Trishuli within Rasuwa District of Central Development Region of Nepal. Nepal Water and Energy Development Company Limited (NWEDC) is developing the project and is considering financial support from a consortium of lenders including International Finance Corporation (IFC), Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB), European Investment Bank, the Export-Import Bank of Korea, the German Investment Corporation (DEG), Korean Development Bank, Proparco, CDC, as well as with potential guarantee from World Bank (WB) and Multilateral Investment Guarantee Agency (MIGA).

The Environment Impact Assessment (EIA) as required under the laws of Government of Nepal (GoN) was carried out for the project and was approved in February 2013. With the involvement of international lenders, this environment and social impact assessment process carried out earlier was strengthened with supplementary studies and formulating complementary environment and social action plans in February 2015. In April 2015, Nepal suffered a large earthquake with epicentre within 100km radius of the proposed UT-1 project site. The earthquake brought death, destruction and disruption in social life and livelihood practices. Though post-earthquake relief and reconstruction efforts addressed immediate humanitarian concerns, the normalcy of life and livelihood practices not achieved yet. This special circumstance has greatly complicated the process of planning to mitigate and manage impacts attributable to UT-1 project.

The lenders selected the international sustainability-consulting firm Environmental Resources Management (ERM) to consolidate all prior impact assessments and supplemental and complementary studies into a single Updated Non-Technical ESIA Report (Updated ESIA), along with an updated Environmental and Social Management System (ESMS) and Environmental and Social Management and Monitoring Plans (ESMMP), including a Social Management Framework. This report is part of this Social Management Framework and address specific requirements of Indigenous Peoples as project-affected persons (PAPs).

The UT-1 project is located in an area which is inhabited by two major Indigenous Peoples communities (referred as Indigenous Nationalities or *Adibasi Janajati* in Nepal). Tamangs form the majority and constitute 93.6% and Gurung constitute 1.3%. The remaining population belong to Brahmin, Chhetri, Thakuri and Sanyasi ethnic groups. The social impacts of UT-1 on the local population is addressed through a number of management plans:

- Occupational Health and Safety Management Plan for workers;

- Workers Accommodation Management Plan;
- Land Acquisition and Livelihood Restoration Plan;
- Labour Influx Management Plan;
- Cultural Heritage Management Plan;
- Stakeholder Engagement and Grievance Redress Plan; and
- Indigenous and Vulnerable Peoples Development Plan (this report).

In addition to these social management plans, as per provisions under Project Development Agreement (PDA) signed between NWEDC and GoN, NWEDC will develop and implement following plans in consultation with GoN.

- Local Benefit Sharing Plan;
- Employment and Skill Training Plan; and
- Industrial Benefit Sharing Plan.

The PDA describes broad obligations of NWEDC towards these plans and the details are to be determined in participation with GoN.

The project required 107.79ha of land from 8 villages (Haku Besi, Sanu Haku, Thullu Haku, Gogone, Tiru, Thanku, Mailung and Phoolbari) within the Haku VDC. Out of this, 5.05ha of land was private land and 15.53ha is Guthi land. Thus, the remaining land which constitutes 78% of the total land requirement, was public land under possession of different government agencies. This non-private land acquired for the project comprised of forest land, Gaucharan or pasture land, and river/stream. The impact of loss of private land (including Guthi land) is covered in LALRP, and this report specifically covers the impacts from loss of non-private land and river/stream on which the local community (which predominantly comprised of Indigenous Peoples) has usufruct rights or customary rights at community level.

This report examines the impact of the proposed project on Indigenous Peoples (Tamang and Gurung) including their livelihood, culture and rights as members of Indigenous Peoples community. This Draft IPDP is part of the preparation for a Free Prior Informed Consent (FPIC) from the affected IPs. This Draft IPDP along with other Draft documents (ESIA-ESMP, SIMP) shall be disclosed and will be used to facilitate consultation with affected IPs households/ communities for soliciting their comments and feedback for designing of adequate and acceptable mitigation measures.

1.2

OBJECTIVES AND SCOPE OF THE IPDP

This document records the efforts of NWEDC for minimizing and/ or mitigating the adverse impacts from the project on the Indigenous Population in the Project Area of Influence (AoI). Where avoidance was not possible, NWEDC has planned mitigation measures, and this document provides a synopsis of that. The Draft IPDP also identifies potential measures to enhance the positive impacts and opportunities from the project for the local Indigenous Peoples. The specific objectives of this Draft IPDP are as follows:

- To identify impacts that are likely to affect Indigenous Peoples as a collective and whether they would affect them differently;
- To share relevant information on various impacts and mitigation measures/ opportunities for project benefits with affected IPs communities and their representatives.
- To seek their suggestions for making the proposed mitigation measures and various action plans more effective, appropriate and acceptable to them;
- To identify opportunities and actions to enhance positive impacts of the project on Indigenous People, e.g. by means of capacity building, agricultural support/extension, skills enhancement, preferential employment (if feasible), improved service delivery where feasible, and other targeted CSR initiatives; and
- Finally, to develop a mutually acceptable memorandum of understanding between the project proponent and affected IPs and seek support and consent for the project through an FPIC process.

1.3

APPLICABLE REFERENCE FRAMEWORK

This Draft IPDP is prepared to meet the requirements of the IFC PS 7: Indigenous People and the ADB SPS 2009. The following table provides key provisions in these two applicable reference framework.

Table 1.1 *Applicable Reference Framework Requirements for IPDP and FPIC*

Applicable Reference Framework	Requirements for IPDP	Requirements for FPIC
IFC PS 1: Assessment and Management of Environmental and Social Risks and Impacts	The part of PS-1 dealing with Management Program envisage Indigenous Peoples Plan (IPP) as a thematic plan and should be developed by qualified experts with substantive experience.	For projects with adverse impacts to Indigenous Peoples, the client is required to engage them in a process of ICP and in certain circumstances; the client is required to obtain their Free, Prior, and Informed Consent (FPIC).
IFC PS 7: Indigenous People	<ul style="list-style-type: none"> • If adverse impacts are unavoidable The project should prepare an Indigenous Peoples Plan (IPP) outlining the actions to minimize and/or compensate for adverse impacts in a culturally appropriate manner • a free-standing IPP may be prepared, or it may be a component of a broader community development plan • The plan should detail actions to minimize and/or compensate for adverse social and economic impacts, and identify opportunities and actions to enhance positive impacts of the project on the Indigenous Peoples. • Where appropriate, the plan may also include measures to promote conservation and sustainable management of the natural resources on which the Indigenous Peoples depend • The plan should include a clear statement of roles and responsibilities, funding and resource inputs, a time-bound schedule of activities, and a budget. • The IPP shall be regular monitored and should be flexible to allow for it to be adapted as needed if circumstances change, 	<p>One of the objectives of the PS is to ensure the Free, Prior, and Informed Consent (FPIC) of the Affected Communities of Indigenous Peoples when the following circumstances are present</p> <ul style="list-style-type: none"> • Impacts on Lands and Natural Resources Subject to Traditional Ownership or Under Customary Use • Relocation of Indigenous Peoples from Lands and Natural Resources Subject to Traditional Ownership or Under Customary Use • Significant Impacts on Critical Cultural Heritage
ADB SPS Safeguard Requirements 3: Indigenous People	<ul style="list-style-type: none"> • If the proposed project will have impacts, positive and/or negative, on Indigenous Peoples, the borrower/client will prepare an IPP in the context of the impact assessment and through meaningful consultation with the affected Indigenous Peoples communities. • The IPP will set out the measures whereby the borrower/client will ensure that: <ul style="list-style-type: none"> ○ that affected Indigenous Peoples receive culturally appropriate social and economic benefits; and 	<ul style="list-style-type: none"> • The borrower/client will undertake meaningful consultation with affected Indigenous Peoples to ensure their informed participation in <ul style="list-style-type: none"> ○ designing, implementing, and monitoring measures to avoid adverse impacts on them or, when avoidance is not possible, to minimize, mitigate, and compensate for such effects; and ○ tailoring project benefits that accrue to them in a culturally appropriate manner.

Applicable Reference Framework	Requirements for IPDP	Requirements for FPIC
	<ul style="list-style-type: none"> ○ That when potential adverse impacts on Indigenous Peoples are identified, these will be avoided to the maximum extent possible. • Where this avoidance is proven to be impossible, based on meaningful consultation with indigenous communities, the IPP will outline measures to minimize, mitigate, and compensate for the adverse impacts. • The level of detail and comprehensiveness of IPPs will vary depending on the specific project and the nature of impacts to be addressed. The borrower/client will integrate the elements of the IPP into the project's design 	<ul style="list-style-type: none"> • To carry out meaningful consultation with affected Indigenous Peoples, the borrower/ client will establish a context-specific strategy for inclusive and participatory consultation, including approaches of identifying appropriate Indigenous Peoples representatives, and consultation methods appropriate to the social and cultural values of the affected Indigenous Peoples communities. • The borrower/client will pay special attention to the concerns of indigenous women and youth. • The consultation process and its results will be documented and reflected in the Indigenous Peoples plan (IPP). • the project will seek consent from the affected Indigenous Peoples communities in case the project is likely to result in the following impacts; <ul style="list-style-type: none"> ○ commercial development of the cultural resources and knowledge of Indigenous Peoples; ○ physical displacement from traditional or customary lands; and ○ commercial development of natural resources within customary lands under use that that would impact the livelihoods or the cultural, ceremonial, or spiritual uses that define the identity and community of Indigenous Peoples.

The IFC PS-7 clause-14 states 'if client proposes to locate a project on lands traditionally owned by or under the customary use of Indigenous Peoples and adverse impacts can be expected, client will take steps to protect the rights of the indigenous people.' The screening of the client's obligations vis-à-vis provisions of PS-7 is presented in table below.

Table 1.2 *Screening of the client's obligations vis-à-vis provisions of PS-7*

Provisions	Status
Document efforts to avoid and otherwise minimize the area of land proposed for the project;	Client has minimized the land required for the project and avoided un-necessary acquisition of land for the project. The details are discussed in the land requirement and alternative analysis sections of this report.
Document efforts to avoid and otherwise minimize impacts on natural resources and natural areas of importance to Indigenous People	The requirement of the community forest land is minimized and the land will be used during construction phase only.
Identify and review all property interests and traditional resource uses prior to purchasing or leasing land;	The ESIA and LALRP processes have been undertaken to review property interests and traditional resource use as part of the planning process of the project.
Assess and document the Affected Communities of Indigenous Peoples' resource use without prejudicing any Indigenous Peoples' land claim. The assessment of land and natural resource use should be gender inclusive and specifically consider women's role in the management and use of these resources;	The assessment of the affected communities of IP and their resource use is conducted as part of this study and needs to be read in conjunction with the LALRP.
Rights under national law, including any national law recognizing customary use rights;	The legal requirements under the national law were screened. Though Nepal has ratified ILO C-169 and UNDRIP, no specific process has been established for free prior informed consent (FPIC) process in the country.
Offer Affected Communities of Indigenous Peoples compensation and due process in the case of commercial development of their land and natural resources, together with culturally appropriate sustainable development opportunities.	Not applicable

In keeping with the impacts identified in *Section 2.1*, certain mitigation measures have been identified. These mitigation measures are applicable on all the PAFs/ land owners impacted by the project activities, and are not specific to the IP population. In addition to this, certain key measures have been identified for the IP population to allow for the minimization of adverse impacts and maximization of opportunities created by the project. The following sub sections provide an understanding of the key mitigation measures put in place, including the requirement for an FPIC process.

The process of recognition of the rights of Indigenous Peoples in Nepal is progressive. Until 1990 Indigenous Peoples separate identities and concerns were largely ignored. This position changed with the political change¹ in 1990 and gradually representatives from Indigenous Peoples, scholars and academic groups highlighted the socio-economic discrepancies between dominant groups and indigenous people and demanded special attention to them. The Self-Governance Act 1998 for the first time recognized that Indigenous Peoples are excluded from the governance process and they need to be brought into national mainstream. The Act made provisions for their representation in Village, Municipal and District Development Councils. It is believed that this law became the basis of the passing of a more specific law that defined and identified Indigenous Peoples.

In 2002, National Foundation for Development of Indigenous Nationalities Act (NFDIN-2002) defined 'Adibasi Janajati' as a group or community with its own other tongue and traditional customary practices, distinct cultural identity, social structure and oral or written history. A comparative analysis of this definition vis-à-vis the definition of the Indigenous Peoples (IPs) as per ILO Convention No 169 and United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)² by several IP activists, scholars and representatives points to two issues of departure. First, NFDIN 2002 does not recognize the 'self-identification' of Indigenous Peoples. It has identified 59 *Adibasi Janajatis* and set a process of constituting a committee which will decide on such claims. Second, the existence of traditional political institutions is not a parameter for recognition of the Indigenous Peoples.

Thus, NFDIN 2002 laid the foundation for identification of IPs in Nepal. The *Adibasi Janajati* is translated as 'Indigenous Nationalities' in Nepal contrary to the more popular term 'Indigenous People'. This to several scholars and authors is indicative of the political aspirations and territoriality which is an integral part of the Indigenous Peoples movement in Nepal since 1990s. The strength of the Indigenous Peoples movement in Nepal was so strong that Nepal was the first country in Asia and second in Asia-Pacific to ratify ILO Convention No 169. Nepal ratified the ILO C-169 on September 2007 and also voted in favour of UNDRIP in UN General Assembly. The twenty points agreement between Indigenous Peoples and Nepal Government in 2007 which kick-started the on-going political process includes inclusion of the IPs in the process of restructuring the State and formation of Nepal's new Constitution.

¹ In 1990 Nepal made transition from an absolute monarchy to constitutional democracy after a popular Jan Andolan supported by multiple political parties.

(1) ² The convention No. 169 in its article 7 provides right to the indigenous and tribal people to decide their own priorities for the process of development. Article 12, 13, 14 and 15 safeguards rights of the indigenous people in the land and natural resources in territories traditionally occupied by them.
 (2) The UNDRIP adopted in 2007 sets out the individual and collective rights of indigenous peoples, as well as their rights to culture, identity, language, employment, health, education and other issues. The goal of the Declaration is to encourage countries to work alongside indigenous peoples to solve global issues like development, multicultural democracy and decentralization.

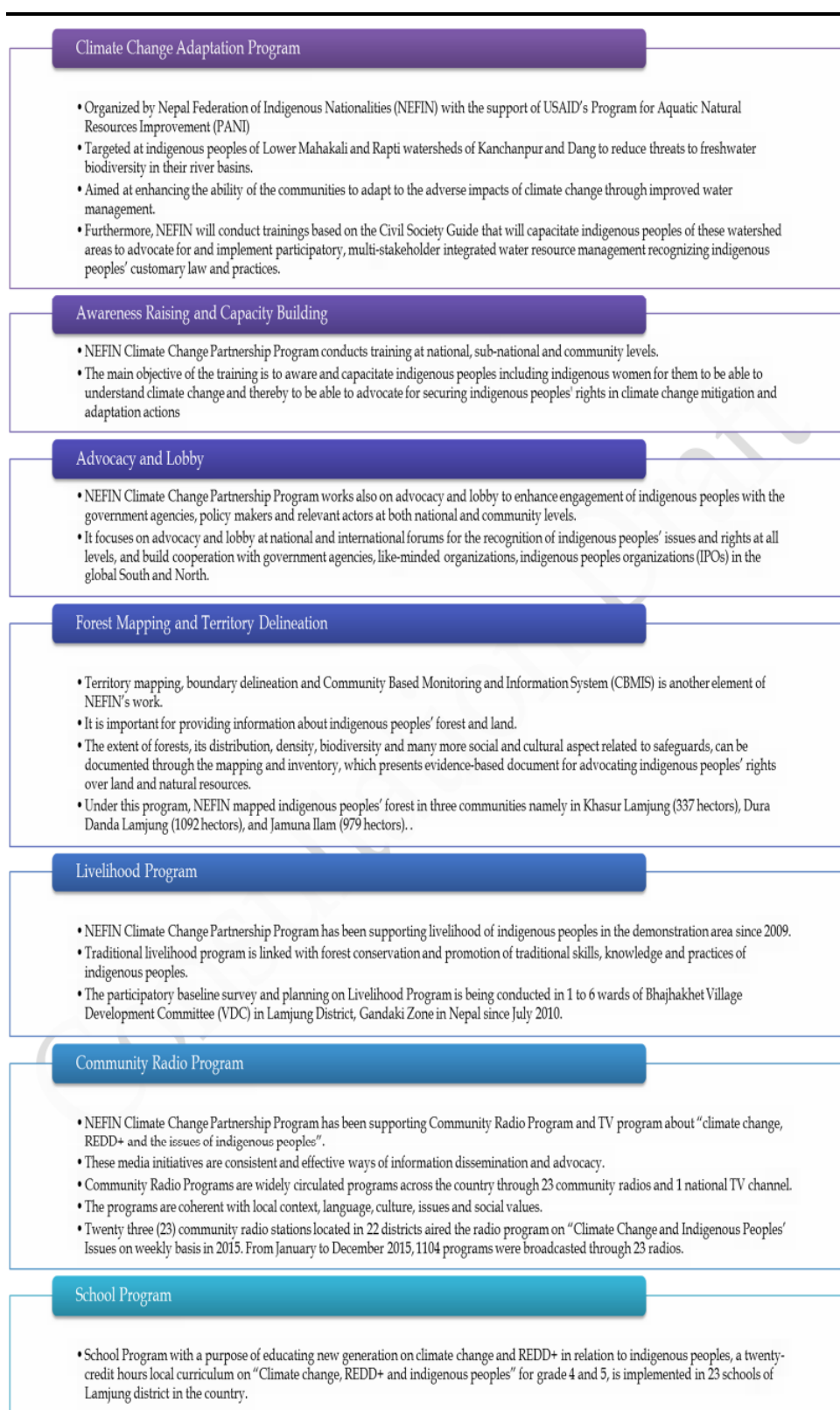
As a consequence, several Indigenous Peoples Organizations participated in the election to the Constituent Assembly and have been contributing to the finalization of the Constitution.

The Constitution, guarantees the right to social justice and participation in the state structure on the basis of the principle of social inclusion. Art 63.4.3(a) provides proportional representation of indigenous people in the Constituent Assembly. There is an intense debate in the Constituent Assembly on recognizing autonomous states (11 states and sub-states) territorial claims of different ethnic groups within the federal democratic structure of Nepal.

The NFDIN 2002 not only identifies 59 Adibasi Janajatis, it also divides them into four geographic regions. The mountain region or Himalaya has 17, Hills have 24, Inner Terai has 7 and Terai has 12 Indigenous People groups. The Nepal Federation of Indigenous Nationalities (NEFIN), which is a non-profit organization representing indigenous peoples issues, makes a classification based on their social-economic status and vulnerabilities. The five categories are: endangered groups, highly marginalised groups, marginalized groups, disadvantaged groups and advanced groups.

The Nepal Federation of Indigenous Nationalities (NEFIN) undertakes a number of development programs for Indigenous people across the country. While the programs are not specific to any group or region, it is understood that they can be availed by any member of the IP population. The overview of the programs offered to IPs is provided in Figure 1.1. Although these programs are not implemented in project area, yet it provides range of Government Initiatives for the IPs in project area as well.

Figure 1.1 *Developmental Programs for Indigenous Population in Nepal*



Source: NEFIN website

1.6 THE PROJECT, AREA OF INFLUENCE, AND IDENTIFICATION OF INDIGENOUS PEOPLES COMMUNITIES LIVING WITHIN IT

1.6.1 Project overview

The Project is located in a remote area in the upper portion of the Trishuli River Basin, just downstream of the confluence of the Langtang Khola and the Bhote Khosi River. The Langtang National Park forms the eastern boundary of most of the Project area. There are six existing operating hydropower projects and seven projects under construction within the Upper Trishuli River Basin. In addition, the Upper Trishuli-2 Project is proposed, but not yet under construction, and would be located approximately 0.5 kilometre upstream from the UT-1 dam. Two of the existing and two of the under-construction hydropower projects on the main stem of the Trishuli River downstream of the Project (the nearest, UT-3A Hydropower Project, is approximately 1.5 kilometres away).

The Project consists of a 77-metre-wide diversion dam in a narrow gorge located 275 metres downstream of the confluence of the Langtang Khola with the Bhotekosi River. The diversion dam creates a small 2.1 hectare (ha) impoundment and diverts up to 76 cubic metres per second (m³/s) of water through a powerhouse with a 216 MW capacity, returning the water to the Trishuli River approximately 10.7 kilometres downstream of the dam. The Project will connect to the Chilime–Trishuli transmission line via a 689-metre extension from the Project switchyard. The Project will be accessed via existing public roads, but NWEDC will construct an 11.84-kilometre private road upstream along the river to access the UT-1 dam.

The Project design was changed in response to the 2015 earthquake to strengthen its geotechnical and seismic design, take into account updated climate change forecasts, adjust to changes in landscape conditions (e.g. landslides), and to optimize engineering aspects of the dam.

The Project will take approximately 5 years to construct and will employ about 1,100 workers, with about 10 to 15 percent recruited locally and the remainder from elsewhere in Nepal or expatriates. Once in operations, the Project will employ 72 staff and produce about 1,440 gigawatt hours (GWH) per year.

1.6.2 Project Area of Influence

The Environmental AoI is extended upstream approximately 2 kilometres, and downstream approximately 2 kilometres to where the Upper Trishuli-3A Hydropower Project is partially constructed. The Project is located in a steep canyon, so the extent of Project nuisance impacts (e.g. noise, fugitive dust, air emissions) is very limited, but we have assumed the AoI extends approximately two kilometres laterally from the Trishuli River.

The land take for the Project is from eight villages in the Haku VDC: Haku Besi, Sanu Haku, Thullu Haku, Gogone, Tiru, Thanku, Mailung, and

Phoolbari). The introduction of a new Constitution in 2015 and accompanying change in the administrative structure of Nepal the administrative boundaries of the project area also have changed. The wards and Gaunpalikas within which the project foot print lies are listed below in Table 1.2.

Table 1.3 *Change in Administrative Structure for Project AoI*

Impacted Village	Old Administrative Structure	New Administrative Structure
Haku Besi	Haku Ward number 3	Parvati Kunda Ward number 1 & 2
Gogone and Tiru	Haku Ward Number 8&9	Uttargaya Ward number 1
Mailung	DadaGaun Ward number 9	Uttargaya Ward number 1
Thanku	Haku Ward number 5	Parvati Kunda Ward number 1 & 2
Phoolbari	Haku Ward number 3	Parvati Kunda Ward number 1 & 2
No directly affected villages	Ramche	Kalika Ward Number 1
No directly affected villages	Dhunche	Gosaikunda Ward number 6

Source: NWEDC

Thus, while earlier, the project was touching 3 of the 18 VDCs in the district, it is now touching 4 of the 5 *Gaunpalikas* in the Rasuwa district. The river use noted (pre-earthquake) within the AoI included two traditional watermills (ghatta), which were used throughout the year for grain grinding; irrigated agricultural land; a river segment used by inhabitants of a small hamlet in Dadagaon VDC for domestic purposes (e.g. drinking, bathing) during the dry season; and recreational fishing by local fishermen. It also includes the loss of community forest land which provisioned forest resources (e.g. firewood, food, medicine, fodder) augmenting their subsistence level farming and livestock keeping practices.

Under the former structure, the Project was directly affecting 3 of the 18 VDCs in the district (i.e. Dhunche, Ramche and Haku); however, now it is directly affecting four of the five *Gaunpalikas* (GP) in the Rasuwa District. These are the four *Gaunpalikas* are: Parbatikunda, Uttargaya, Kalika and Gosainkunda. We presume GoN will extend the Project Benefit Sharing Plan to these GPs which are potentially being directly and indirectly impacted by the Project

Figure 1.2 Socio-economic Area of Influence

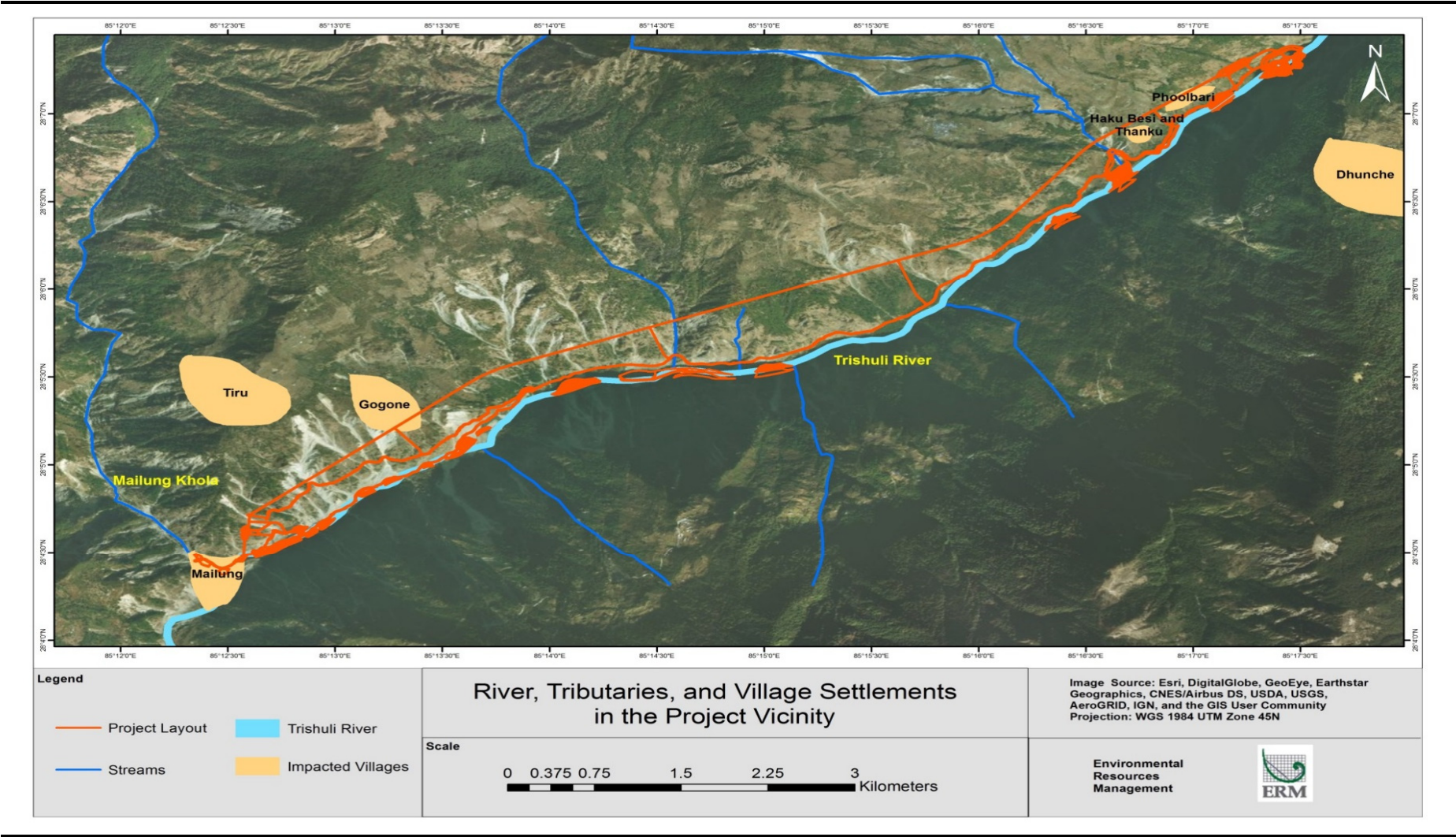
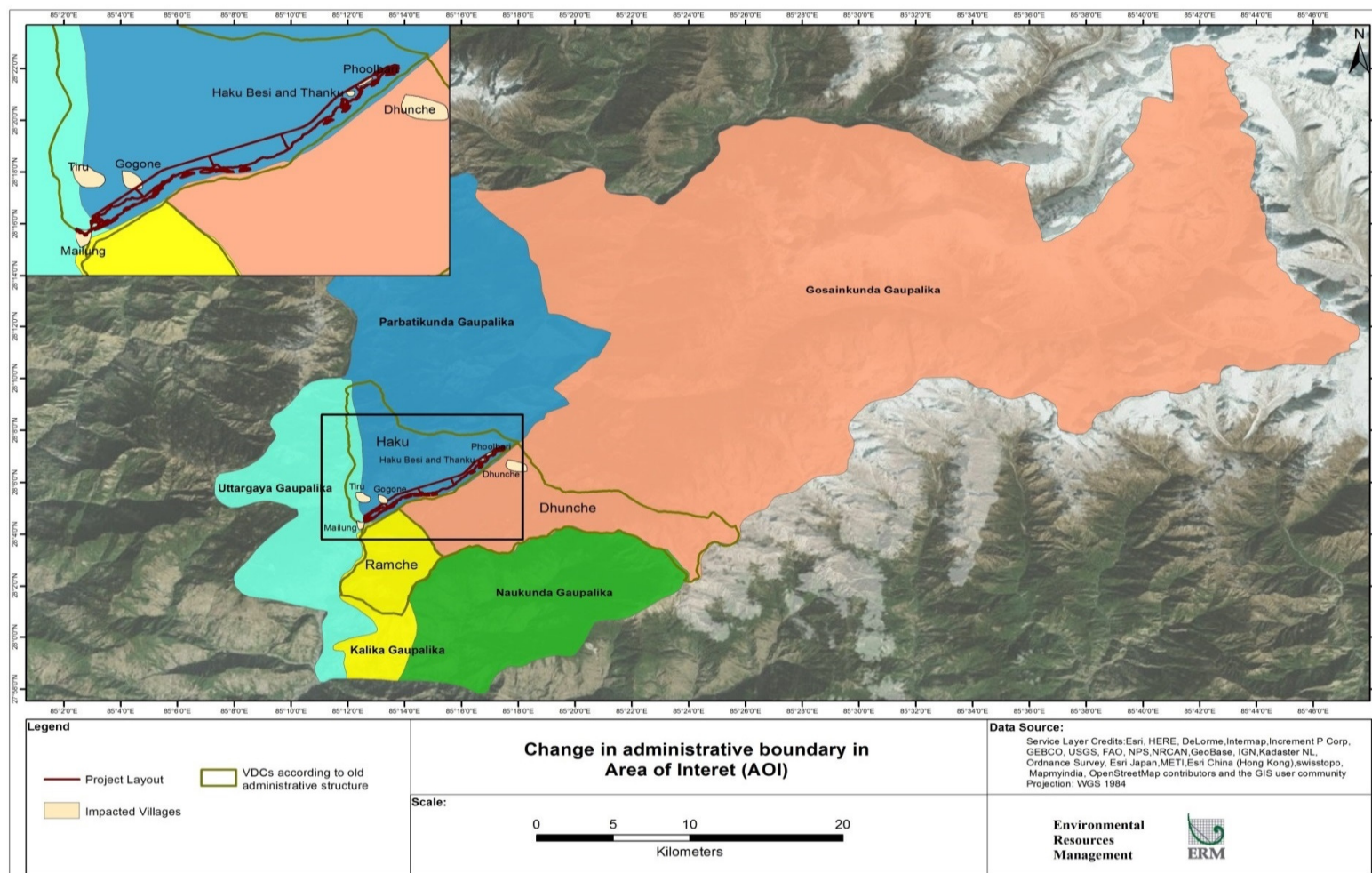


Figure 1.3 Project Layout against the Revised Administrative Structure



The ethnic groups in AoI of the project are Tamangs, Gurungs, Brahmins, Kami, Chettri, Sherpa, Magars and Newars. The two most numerous Indigenous Peoples communities are Tamangs and Gurungs.

1.7.1

Tamang

Tamang comprise of the majority of the population (93.6% in the project area).. The project area is dominated by Tamangs though a sprinkling of other ethnic groups such as Gurung and Dalits are also reported. It is significant to note that the project affected families are comprised primarily of Tamangs (89% of the PAFs), as has been discussed in the socio-economic baseline for the project area presented in the LALRP plan.

Demographically, Tamangs constitute 5.8% of the total population of Nepal (as per the 2011 Census data) and is the fifth most numerous ethnic group. They are located around the Kathmandu Valley and their ancestral territory encompasses Sinduli, Kabhre, Sindupalchok, Rasuwa, Nuwakot, Dhading and Makawanpur Districts. They refer to their ancestral territory as *Tamsaling*. It is significant to note that Rasuwa district is comprised of Tamangs and Gurungs. Tamangs are identified as one of the 24 hill tribes as per NEFIN 2002 list and belong to marginalised group as per NEFIN's classification.

The demographic profile of Tamang population in comparison with the total population of Nepal is presented in *Table 1.4*.

Table 1.4 *Demographic profile of Tamang population vis-a-vis total population of Nepal*

Attribute	Tamang Population	Nepal Population
Average Population Growth	1.83%	1.35%
Sex Ratio	94 females per 100 males	94 females per 100 males
Average HH Size	4.6	4.9
Literacy	62.7%	66%
Absentee Population	6.9%	7.3%
% of population above 5 years who are attending School / College	65.2%	66.4%
% of population with access to improved source of Drinking Water	79.7%	85.4%
% of population with access to Toilet facility	58.8%	61.2%
% of population with access to clean cooking energy	22.4%	23.5%
% of population with access to Electricity	70.4%	67.3%
Economically Active Population (Above 10 years)	61.6%	54.8%
Employed Population (Above 10 years)	55.9%	48.8%

Source: Census 2011 data

As depicted in *Table 1.4* above, the average growth of the Tamang population from 2001 to 2011 has been 1.84%, whereas the total population of Nepal has

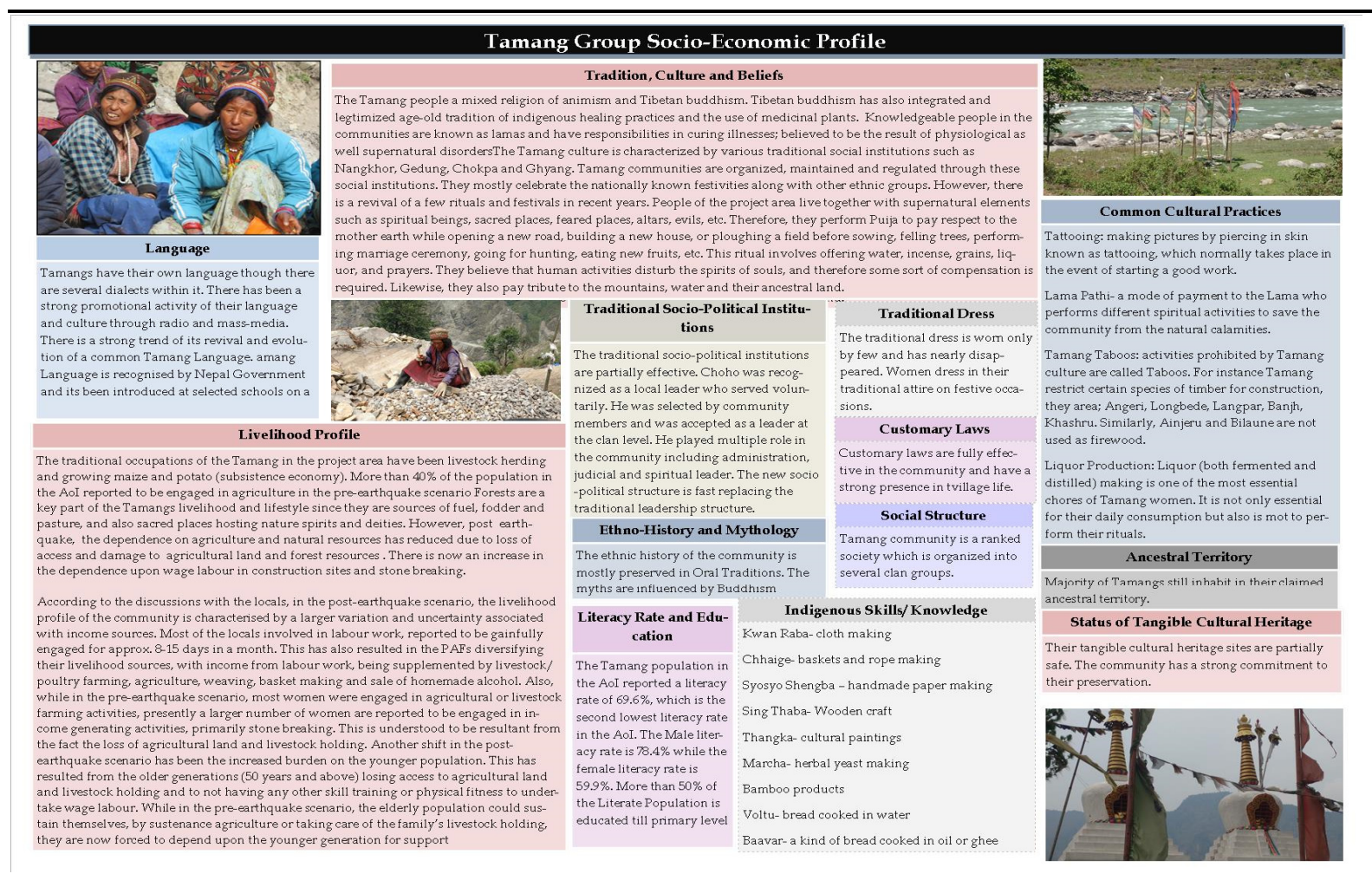
grown at 1.35% during this period. The average household size of the Tamang population is 4.6 while that of the rest of the Nepali population has been 4.9. The literacy rate of the Tamang population is 62.7%% which is comparable to the literacy rate of the Nepal's total population at 66%. Similarly, nearly 65% of Tamang population is attending schools and colleges and is comparable to the 66.4% of Nepali population attending schools/ colleges. This is understood to be resultant from the Tamang population residing in remote locations with limited access to educational infrastructure.

In terms of access to physical infrastructure, the Tamang population is understood to be comparable to the rest of the population in terms of access to electricity, clean cooking energy, clean drinking water and toilets, as the total population of Nepal.

In terms of economically active population and employed population, the proportion in the Tamang population (61.6% and 60% respectively) is higher when compared to Nepal's total population (55% and 49% respectively).

While a detailed socio-economic profile of the community in the AoI is provided in the ESIA and LALRP, an overview of the socio-cultural profile of Tamang population in the AoI is provided in Figure 1.4 below.

Figure 1.4 **Socio-Economic Profile of the Tamang Community in the AoI**



The etymology of their name suggests that it is derived from the Tibetan word 'Grong' which means farmers. Gurungs call themselves as 'Tamu' which means horsemen in Tibetan language. Gurungs live along with other ethnic groups in the middle hills and valleys along the southern slope of the Annapurna Himalaya in the mid-western Nepal. It is believed their living territories extend from Gorkha in the east through Lamjung and Kaski to Svangia District. According to 2011 Census, the total population of Gurung in Nepal is 5,22,641.

Gurungs use Tamukwiyi, their mother tongue while communicating with each other and use Nepalese to communicate with other ethnic groups. Tamukwiyi is classified as a Tibeto-Burman language. According to 2011 Census as many as 325,622 of the total Gurung population still speak Tamukwiyi. Besides Nepal, Tamukwiyi language is spoken in India, Bhutan, Myanmar and other countries such as UK, Singapore where Gurungs have been employed.

The Gurungs wear colourful dress. The traditional dress of Gurungs include a short shirt tied across the front and a short skirt of several yards of white cotton material wrapped around the waist. The Gurung women wear a cotton or velveteen blouse tied at the front and a sari of printed material usually a dark reddish colour. Their ornaments include gold and coral necklaces, gold earrings and nose rings and bangles. The Gurungs are famous for their dance tradition. They perform Sorathi, Ghado, Ghatu and other forms of traditional dance. The dancing season generally starts on Shri Panchami day (in January or February) till the day of Chandi purnima (some day in May or April).

The social structure of the Gurung includes 'char jat' which is divided further into several clans. The Char Jat categories are: 1) Ghale, "King"; 2) Ghodane, "Minister"; 3) Lama, "Priest"; and 4) lamichane, "Councillor". The Char Jat as a whole is endogamous, while each of the four categories is exogamous.

Gurungs in Rasuwa District mostly practice agriculture and animal husbandry and many families have the tradition of serving in army or police force. They grow rice, maize, wheat, millet and potatoes in their farmland. Along with farming, they also practice sheep breeding for meat and wool. However, a major part of the family income comes from the salary or pensions of the members who served in army or police forces.

A detailed ESIA and LALRP for the project was undertaken. As the project area is dominated by IPs, the impacts of the project described therein gives necessary details of the project impacts on environment. The LALRP deals with project's direct impact related to land and asset procurement process. This section provides an overview of potential environment impacts at the habitat level and potential social impacts to be experienced at collective or community level.

2.1 KEY IMPACTS OF THE PROJECT

The following table provides a summary of these impacts on the local community which is mostly comprised of Tamang population and the mitigation measures identified.

2.1.1 Avoidance of Adverse Impacts

As IP population forms the majority in the area, complete avoidance of impacts on IPs was not possible. From an environmental perspective, there are already six existing operating hydropower projects on the Upper Trishuli River, including two along the mainstem of the Trishuli River downstream of the UT-1 Project, and seven more hydropower projects under construction, including the UT-3A project located approximately 1.5 kilometres downstream of the UT-1 Project. Fishery data suggest that the Common snowtrout (*Schizothorax richardsonii*) population (an IUCN-listed Vulnerable species; see Section 6.2.1.1) may be limited in the Trishuli River upstream of confluence with the Mailung Khola tributary (i.e. the approximate location of the UT-1 powerhouse) by the river's cold temperature. Therefore, the proposed location optimizes power generation, while minimizing potential environmental impacts.

NWEDC has carefully located Project facilities to avoid or minimize environmental and social impacts. For example:

- Underground facilities – Locating several Project facilities underground, although primarily for engineering and safety reasons, also avoids disturbance of steep slopes, natural vegetation, and agricultural lands, and minimizes private land acquisition.
- Facilities along the west bank of the Trishuli River – Locating the headrace tunnel, penstock, and powerhouse along the west bank of the Trishuli River minimizes impacts to the Langtang National Park, which is located along the east bank of the river.

- Location of quarry and spoil disposal sites – Locating these facilities so as to avoid cultivated and forest land minimizes impacts to local communities and the environment.
- Location of the Powerhouse Site worker camp – These Powerhouse Site worker camp has been relocated to the east bank of the Trishuli River to reduce landslide risk and to enhance worker safety, since the former worker camp at Mailung School was severely damaged in the 2015 earthquake, resulting in many injuries and fatalities. Suitable sites for a worker camp in the Project area are limited by topography. The proposed site, although within the Langtang National Park buffer area, is isolated from most of the remainder of the park by steep slopes and the Betrawoti-Mailung-Syabrubesi Road, is already disturbed and has little tree cover, and is not currently occupied, although it was prior to the earthquake.

2.1.2 *Impact on Use of Community Forest*

The land procurement for the project involved 76.62 Ha of community forest and government land. This community forestland is located in Haku VDC and was under the supervision of five community forest user groups (CFUGs). The membership details of these CFUGs is provided in

Table 2.1: *Names and Membership Profile of CFUGs affected by Acquisition of Community Forest Land*

Name of the CFUG	EC Members	General Member HHs	Total Member HHs	Wards (Haku)	Male	Female	Persons
Dachhin Kalika	11	164	175	8, 9	494	485	979
Darnashila Kanyadevi	9	51	60	9	117	181	349
Lumbudanda	9	25	34	7	64	76	140
Bratar	9	36	45	4,7	97	87	184
Larbangpakha	12	96	108	3	NA	NA	NA
Total			422		772	829	1652

These CFUGs are managing a larger community forest area and the loss of area for UT-1 project would constitute approximately 11% of the total forest area. The community forests, in general is used by its members for collection of timber and NTFPs. Consultation with the *ilaka* (sub-district) Forest official suggested that the quality of forest in the area acquired was poor, and that NTFP species with high market potential were limited.

Table 2.2 *Community Forest affected by the project & area diverted for the project*

SN	Present Status of CFUG after reorganisation	Total area (ha)	Impacted Area (ha)	% or Area Acquired	Number of trees/ seedlings to be cut
1	Daksin Kalika	373.92	17.25	5%	330
2	Dharnasila Kanya	126.86	24.57	19%	736
3	Bratar	14.22	0.99	7%	105

SN	Present Status of CFUG after reorganisation	Total area (ha)	Impacted Area (ha)	% or Area Acquired	Number of trees/ seedlings to be cut
4	Lumbudanda		9.85		138
5	Larbangpakha	206.36	23.96	12%	308
		707.14	76.62	11%	1617 Trees/ 2239 Seedlings (Total 3856)

Source: NWEDC, 2015

Upon receiving the application for requirement of the forestland, the DFO communicated the land requirements and its potential impacts to the committee members and a general assembly was held to obtain consent from the members. Based on the outcome of the meeting with executive committee and general assembly, the DFO presented a report to the Nepal Ministry of Forest, which then was forwarded it to the Council of Ministers for its review and approval of the lease agreement. After the payment of the lease fee by NWEDC, the DFO signed the lease agreement.

DFO held meetings with CFUGs in December 2015 when identification of the required land and demarcation of the trees to be cut were made. The second meeting was held in Feb 2015 prior to the cutting of the trees. While clearing the community forestland, the trees were cut and stacked in the area at the cost of the Project. DFO later handed them over to the concerned CFUGs for their use or sale, as they deemed appropriate. The project has also provided monetary compensation for the trees/seedlings lost.

Most of these community forest land was acquired for obtaining the RoW for the Access Road. During the construction of the road, a number of trees in the outside of the area acquired for the project were reported to be impacted as the debris from the blasting and excavation fell down the hill slope. CFUGs consulted informed that complaints were made to the Ilaka officer and the project (both officially and unofficially) to record the damage and compensate accordingly. The Ilaka officer had finally agreed to inspect the community forest areas by the access road construction (somewhere in the last week of February 2015). However, the Gorkha earthquake and subsequent landslides resulted in extensive damage to the community forest area. Since, the earthquake occurred before the inspection by the Ilaka officer could be completed, there is no clarity on the additional trees that were impacted by the project activities.

Mitigation Measures Suggested

Considering the above context, the following additional mitigation measures have been identified under LALRP:

- Provide support to the community forest management initiatives;
- Compensation payment for the extra tree lost during the access road construction. Any other construction related damages on trees to be routed through grievance process of the project (refer *SEP and GRM*). This

payment shall be undertaken in keeping with the provisions of the forest lease agreement signed between DFO and the project which mentions that, *"In the case of any loss or damage out of the forest area made available in the course of construction of the infrastructure or any other construction works, the maintenance, reconstruction and repair thereof shall be carried out by the Project itself. In case of loss or damages to trees and Plants, an action shall be taken as per the monitoring report of the DFO in accordance with Forest Act and Rules"*. This payment of compensation will be undertaken on a regular basis, in a timeline agreed upon with the CFUGs;

- Prohibit firewood usage by the construction workers and ensure there is provision of LPG or other alternate fuel;
- Implementation of the code of conduct put in place as part of the labour Influx Management Plan.
- Conduct training and capacity building of the CFUGs for rejuvenation and management of community forest area. Financial Literacy training may also be provided to the CFUG members for the management of the cash compensation received

2.1.3 *Impact on Fish Resources and Fishing*

The Project will change the river habitat by creating a 2.1 ha reservoir, constructing a dam across the river, and creating a 10.7-kilometre-long diversion reach that will experience reduced flows. The Project is located at a relatively high elevation in the Trishuli River Basin where high gradient and cold water temperatures limit fish biodiversity. The Common snowtrout is by far the most abundance species found in the Project AoI. This is classified as "Vulnerable" by the International Union for Conservation of Nature (IUCN), and is a migratory species that moves upstream in the spring to spawn.

The Project will divert up to 76 m³/s of flow from the 10.7-kilometre segment of the Trishuli River between the dam and the powerhouse (i.e. the diversion reach). This flow diversion will reduce the width and depth of water in the diversion reach; thereby potentially impacting aquatic habitat and fish. In Nepal, hydropower projects are required to release 10 percent of the minimum monthly average flow (i.e. 3.9 m³/s for the UT-1 Project) to preserve the minimum habitat required to support fish and other aquatic life in the diversion reach, and to preserve flow continuity for fish movement/migration through the Project area, which is referred to as an environmental flow, or Eflow. NWEDC has proposed an Eflow that is higher than that required by Nepalese regulations, essentially providing 10 percent of the average monthly flow for each month, rather than the minimum average monthly flow (i.e. ranging from 3.9 m³/s to over 50 m³/s, depending on the month). NWEDC also proposes to install a fish ladder to allow the upstream and downstream passage of migrating Common snowtrout. The fish ladder design was reviewed and found acceptable in ESIA. The provision of sufficient flow to enable upstream migrating adult Common snowtrout to navigate through the diversion reach to the proposed fishway at the dam is critical to the success of the fishway. NWEDC will implement an Adaptive Management

Approach based on intensive monitoring during the Project's first few years of operation to ensure migrating Common snowtrout are able to reach their spawning grounds upstream of the UT-1 dam.

According to consultations undertaken, fishing activities in the project impacted stretch were undertaken by approx. 13 families, for sustenance and recreational purposes. The financial value of fishes caught by these households was estimated to be approx. NR 20-25000 per annum. In the post-earthquake scenario, as people lived in IDP camps which were farther from the river, fishing practices reported by PAFs surveyed shows a sharp decline. However the situation is currently fluid with people starting to resettle, and the use of the river for fishing needs to be monitored.

Mitigation Measures Suggested

The impacts on river and fish (e.g. impoundment of riverine habitat, reduced flow, and fragmentation of the river) are inherent in the design of the Project and cannot be avoided. The next step in the mitigation hierarchy is minimization. The size of the impoundment (and the consequent loss of riverine habitat) also cannot be minimized further. The loss of aquatic habitat in the diversion reach will be minimized through the Eflow.

Common snowtrout has been selected as the indicator species for Eflow analysis; based on the available information on its habitat requirements, the Eflow is likely to be sufficient to maintain habitat connectivity and support spawning in the diversion reach, although there is predicted to be a decrease in Common snowtrout populations, but this is based on assumed fish ladder effectiveness.

Under existing conditions, the sampling data suggests the diversion reach only supports a small population of Common snowtrout. Therefore, the impact of the Project on fish population in the diversion reach is likely small. In any case, the implementation of the robust Eflow Adaptive Management Program as a key component of the Biodiversity Management Plan. NWEDC will conduct further studies as part of the Biodiversity Evaluation and Monitoring Program (BEMP) on the timing of Common snowtrout upstream and downstream migration, the flow depth required to allow upstream migration, and their preferred spawning location (e.g., along the mainstem of the river or in tributaries). NWEDC will share these results with the government and other hydropower developers, along with the design and passage effectiveness of the fish ladder, to help minimize hydropower impacts on aquatic habitat in Nepal and throughout the Himalayan region. NWEDC's commitments towards this include the following:

- Contract with an international fishery biologist to oversee Project construction and early operations;
- Develop and conduct a robust Biodiversity Evaluation and Monitoring Program and share any enhanced understanding of Common snowtrout biology with the Government of Nepal and other hydropower developers in the Himalayan region;

- Demonstrate No Net Loss of Common snowtrout with monitoring metrics; and
- Apply an Adaptive Management Program to ensure Common snowtrout are able to successfully reach their spawning grounds upstream of the dam; and
- Implement the Project's Biodiversity Management Plan.
- Monitor the fishing activity till the initiation of construction and provide entitlements as defined in the LALRP where necessary.

2.1.4 *Impact on Ecosystem Services*

As Indigenous Peoples' livelihood and cultural practices are usually interwoven with the natural resources in their habitats, impact on ecosystem services is a significant aspect to be examined. The ESIA has assessed impacts of ecosystem services and an overview is provided here.

Table 2.3 *Impact on Ecosystem Services*

Ecosystem Service	Description
Provisioning Services	
Food: wild caught fish	According to the discussions undertaken with the local community before the 2015 earthquake, 13 households were reported to be fishing in the river for sustenance and/or recreational purposes. These households did not depend on fishing as a primary source of income. However, the fishing activities were reported to play an important part during the 6 months when agricultural produce was not sufficient for sustenance. However, in the post-earthquake scenario, none of the local community was reported to be undertaking fishing activities. The 13 Project-Affected Families identified in 2015 could not be located during the site visit in 2017.
Food: wild meat	None of the local community members were reported to be undertaking hunting in the AoI
Food: cultivated crops	In the pre earthquake survey of 2015, agriculture was reported as the main source of livelihood for the local community in the AoI. However, in the post-earthquake scenario, the dependence on agriculture is reported to have reduced, due to loss or access to and damage to agricultural land. According to the information available, some of the local community, especially in the villages of Haku Besi, Thanku, and Phoolbari, intend to return to their original villages. Those who return are expected to undertake agriculture on their remaining land. In the IDP camps the avenue for agriculture is limited as the crop sharing agreements does not seem to be too encouraging for the people. Agricultural activities could be further impacted due to alteration of water resources/ quality due to Project activities and loss of land where the Project requires 20.6 ha of agricultural land

Ecosystem Service	Description
Food: herbs and plants	<p>Prior to the earthquake, the communities were understood to supplement their diet with uncultivated resources during times of scarcity. Though this dependence has reduced post-earthquake, it is likely to pick up again if the communities return to their original villages.</p> <p>Loss of forest resources in the Project footprint area (76.7 ha) due to Project activities also affects the access to community forest; however it was reported to be only 11% of the total affected community forest.</p>
Livestock Farming	<p>Livestock farming was reported to be an important source of sustenance and livelihood in the pre-earthquake scenario. However, as a result of the earthquake, most of the Project-affected families lost their livestock holdings to a great extent. According to the discussions undertaken, it is understood that most of the households, aim to rebuild/restore their livestock holdings if they move back to their original villages.</p> <p>The community did not report major impact on the livestock due to diversion of the community forest land for the Project. Post-earthquake the community, (wherever accessibility to the native villages is feasible) trying to build up on remaining livestock. These livestock cannot be brought to the IDP camps as the livestock is not able to sustain the changed climate as well as access to grazing land is turning out to be limitation.</p>
Biomass Fuel	<p>The primary source of fuel in the villages in the AoI is firewood, collected at the household level from the surrounding forests. Loss of forest resources in the Project footprint area (76.7 ha) could thus have an impact on the availability of firewood for the community residing in the immediate vicinity.</p> <p>However, with the people shifting in the IDP camps the fuel source has changed. The mobilisation of labour during construction stage could put pressure on the community forest in case the cooking is done on firewood sourced from the community forest.</p>
Timber and wood products	<p>Timber and wood products are commonly used for construction, furniture, farming, fishing, and household utensils by local communities residing in the original villages. Loss of forest resources due to vegetation clearance (76.7 ha), inundation, or decreased water retention in soil could have an impact on dependent communities.</p>
Non-timber Forest Products	<p>Resin, leaves, grasses, and bamboo are commonly utilized non-timber forest products for domestic use and sale by the communities in the villages. According to the discussions it is understood that a few households, reside in the internally displaced persons camps, but make regular fortnightly trips to the forests in the AoI for collecting bamboo to make baskets.</p>
Freshwater	<p>Even though e-flow will be reduced, there is still likely to be adequate freshwater for the communities in the Trishuli river.</p> <p>However, there are several springs in the Project's AoI and 16 of the 45 identified are considered more vulnerable given their status of main sources for water supply for the communities in their vicinity. Some of these springs were reported to have gone dry post-earthquake; however the same could not be confirmed.</p>
Regulating Services	

Ecosystem Service	Description
Regulation of air quality	The Project footprint area comprises relatively degraded community forests and even though there may some impact on local climate regulation, these are likely to be low. Changes in water release timing and flow have been predicted to have some impacts on the blunt nosed snowtrout, <i>Schizothrax richardsonii</i> , a species that is harvested for sustenance. However, as indicated earlier, present fishing levels are low to absent and any impacts to fish numbers are unlikely to impact livelihoods. Given the steep slopes in the Project footprint area, vegetation clearing in the Project footprint area (76.7 ha) and the 2.6 ha of the Langtang National Park will impair erosion regulation and thereby runoff regulation which could impact water quality in the Trishuli River.
Climate Regulation: global	
Climate Regulation: local	
Regulation of water timing and flows	
Water purification and waste treatment	
Erosion regulation	
Fire regulation	
Pest regulation	
Pollination	
Cultural Services	
Spiritual, religious or cultural value	Villagers worship some forest-based deities in the AoI. Several tree species are considered sacred and components of many plant species are used in rituals and cultural festivals.
Traditional practices	Traditional places in the AoI include river banks that are utilized for cremation and religious practices. However, no cremation ground is expected to be impacted by the Project activities. Post-earthquake, the community living in IDP camps near Naubise have identified new burial place which will not be impacted by the Project.
Supporting Services	
Aesthetic value	The aesthetic value can be negatively affected by the loss of forest resources, decreased water flow and by Project development (e.g. powerhouse, transmission lines, base camp, construction, etc.).
Non-use value of biodiversity (e.g. existence, bequest value)	There are no obvious non-use values associated within the Project AOI.
Primary production	With lower e-flows the DRIFT modelling has indicated that algae concentrations upstream and downstream of the dam will increase. But due to continued flow, although reduced, this will not result in impacts to fish harvested for sustenance. There will be a decrease in primary production due to clearing of vegetation in the Project footprint area leading to decreased biomass for utilization by local communities and impacts to water and nutrient cycling and perhaps soil formation. These areas will thereby experience lower primary productivity in the future even if revegetation and rehabilitation of top soil were to occur, given that natural ecosystems, even though modified, have been replaced.
Nutrient cycling	
Water cycling	
Soil formation	
Habitat provision	Terrestrial habitats are not used by local communities for hunting and there is presently negligible extraction of aquatic fauna in aquatic habitats.

Mitigation Measures Suggested

The Engineering, Procurement, and Construction Contractor will be responsible for implementing key measures for minimising and mitigating these impacts as required in the Environmental and Social Management and Monitoring Plans (ESMMPs) (see Appendix B), are as follows:

- Formulation and implementation of a livelihood restoration plan;
- Avoid culturally and religiously significant sites for the locals;
- The ESMMP for the construction phase should be widely socialised and understood by the Project contractors and the local communities, so that there is all round confidence that vital ecosystem services will not be impaired in the long run even if there are any temporary disruptions to any of these services ; and
- Establish a grievance redressal mechanism for the local community.

2.1.5 *Impacts on Tradition and Culture of IPs due to In-migration and Influx*

The Project is expected to employ approximately 1,090 skilled, semi-skilled, and unskilled workers over a 60-month construction period. In terms of influx of labour and migrant population in the area, the highest risk villages are Mailung and Shanti Bazaar because of their proximity to the proposed worker camps.

In addition to the influx of labour in the area, Project development may also result in the in-migration of general population seeking to take advantage of the economic and development opportunities created in the area, or worker families that relocate to the Project area. Impact on IPs as host communities can affect or influence their tradition and socio-cultural practices.

The inventory of religious and cultural sites prepared during ESIA lists following tangible cultural sites.

Table 2.4 *Inventory of Tangible Religious and Cultural Sites*

VDC Name	Cultural Practices	Cultural Sites
Haku	There are no built shrine structures in the area acquired for the project. Locals worship their local deities (demons, gods, natural powers) on open land close to the stream (Khola) near the village. They celebrate festivals like Dashain, Bhadra Purnima, Shrawne, and Maghe Sankranti, and Buddha Jayanti of the Hindu and Buddhist religion.	The dead are normally buried. Burial places are located in the upper part of the hills.
Dhunchu	Menchyau Dupchyo is a scared place uphill from the village and Pasang Lamu Highway, which is about 3 hours walk within the Langtang National Park. There is a cave located there and springs originate from that place, where people usually bath in the month of Magh. Every year in the month of Magh, many pilgrimage from Dhunchu, Ramche visit the site and bathe there. They believe that the many illnesses like scabies, wounds, headaches, and many others will be cured after the bath. The Tamangs worship Paiyu tree as a God.	The constructed structure at the burned place is called Purgam in Tamang language. At the locality, there are about eight Purgams.

VDC Name	Cultural Practices	Cultural Sites
Dhunche	Dupla Sambling Gumba is located near to the settlement. People offer prayer in each Dashain, Purnima and Aunsi in the Gumba. A special Mela organized at this site in Buddha Purnima (Baisakhi Purnima). Chenti Garpu, one of the Shrines is nearer to the settlement and people offer Bhumi Puja in the shrine in Fagu Purnima, Jestha Purnima, and Janai Purnima.	At the locality, there are about 16 Purgams.
Ramche	Most of the villagers celebrate Dashain, Tihar, Maghe Sankranti, Shrawan Sankranti but none of them celebrate Loshar.	Most of the locals use their own land as crematory sites for the dead. Lamas cremate their dead at the summit of the hill.

Source: ESSA 2014

The Tamang follow a mixed religion of animism and Tibetan Buddhism. Traditionally, the Tamang social and cultural practices have blended with Buddhist ideologies. The Tamangs have traditional social institutions such as Nangkhor, Gedung, Chokpa, and Ghyang.

Gurungs practice a form of Tibetan Lamaism heavily influenced by a pre-Buddhist and largely animistic form of religion called Bön. Some characteristics of Bön are the belief in natural spirits, spirit possession, and in the existence of supernatural creatures in the forests. Each Gurung clan or village has their own local deities, which are believed to have considerable power over nature and influence in human life. In addition, despite being predominantly Buddhist and animistic, the Gurungs also traditionally observe major Hindu national festivals such as Dasain. The Gurungs have a rich tradition of music and culture. They practice a social tradition called Rodi in which young people meet in the evenings to socialize, share music, dance, and find marriage partners.

Mitigation Measures Suggested

To minimise the adverse cultural influence on the host community and to avoid conflict with them, the Engineering, Procurement, and Construction contractor will be responsible for implementing mitigation measures as required by the Environmental and Social Management and Monitoring Plan. Relevant mitigation measures in this aspect are as follows:

- Prioritize the recruitment of local community residents in the Project;
- Provide adequate training to the non-local workers in the Project, especially in terms of interaction with the local IPs community members;
- Put in place a grievance redressal mechanism for the host community of IPs;
- Allow local residents to report concerns associated with cultural heritage impact (e.g. loss of access) and loss of cultural values through the grievance mechanism; and

- Establish and enforce a Worker Code of Conduct for the Project, include compliance with this Code in the EPC contract, and ensure all workers are trained and understand its requirements;

2.1.6 *Sharing of Project Benefits and Opportunities*

A potential positive impact from the project is expected to be in terms of the livelihood and income opportunities to be created due to the project. The construction phase of the project is likely to result in an increase in the job and livelihood opportunities for the local community. These opportunities will include unskilled, semi-skilled and skilled labour, petty contracts, and creation of market/ indirect benefits for small businesses. Another positive impact will be the opening up all-weather access for the communities living in the western bank of the river to Mailung, Dhunche and cities such as Kathmandu, through the access road. The PDA signed between NWEDC and GoN has provisions for following plans to share the project benefits with local communities and steer local development process:

- Local Benefit Sharing Plan;
- Employment and Skill Training Plan;
- Industrial Benefit Sharing Plan

Though these plans are yet to be finalized, an overview of possible contents of these plans based on provisions under PDA is provided below.

Local Benefit Sharing Plan

The local benefit sharing as per PDA has four components:

1. *Royalty to GoN:* NWEDC will pay royalty to GoN as per the provisions under section 11.22.2 of the PDA;
2. *Equity Shares:* As per PDA section 10.17.1 shares shall be available for purchase by any member within the local community at a subsidised rate.
3. *Rural Electrification Plan:* NWEDC in consultation with GoN shall identify 'free electrification area' and identify each beneficiary households. These households will be supplied with 20kWh of free electricity per month. The 'free electrification area' is defined as 500m radius of the headworks and the power station at the commercial operation date. GoN and NWEDC shall jointly prepare this 'Rural Electrification Plan' based on a pre-feasibility study and implementation responsibility of the plan will be on NWEDC.
4. *Community Development Plan:* In addition to the budget committed in EIA, NWEDC shall throughout the term, support community development of affected communities through benefit sharing activities. Local community development activities aim to improve the standard of living of the affected communities through livelihood enhancements and support to construction and maintenance of physical infrastructure such as roads, trails, pedestrian bridges, water supply and sanitation schemes, communication infrastructures,

community infrastructure development, such as schools, health posts, community centers, women's centers, small enterprise development funds etc. These initiatives should be developed in coordination with local governments to avoid duplication of interventions/support and ensure sustainability of efforts. The Local Benefit Sharing Plan shall also include a component detailing local community development activities (as committed in GON approved Environment Reports), that includes a detailed breakdown of specific activities, timeline, budget and implementation modalities.

Box 2.1 *EIA Commitments for UT-1 HEP*

There are certain community development initiatives which have been included as part of the commitments in the EIA for the project. The same shall be incorporated into the community development plan thus formulated. The EIA commitments of relevance are:

- Local people will be prioritized for employment in project construction works;
- Local people specifically women will be encouraged in agricultural practice through agricultural enhancement programme;
- The project will assist the school of the Haku VDC to provide education to the children of project staff and workers;
- The project will assist the local health institutions;
- The ethnic group 'Tamang' of the project area will be supported to preserve their, tradition, culture, identity as well as their traditional occupation;
- Dalit group will be prioritized in project works as per their skills and capacities with certain percentage reservation for dalit;
- Local people will be provided training on business and trade;
- Local people will be prioritized in training in project related works;
- The project affected VDCs will be supported for rural electrification;
- Local people will be encouraged for tourism enhancement;

Also, the following measures are suggested in the EIA,

- The erosion of river bank will be minimized by implementing river bank protection measures in susceptible site downstream of weir;
- The area equivalent to occupied forest area (27.20 hectares) for project physical infrastructures will be afforested and protected for 5 years and handed over to concerned stakeholders as per the Forest Guideline for the Allocation of the Forest land to other Development Projects. The afforestation area will be as per the area designated by the respective district forest office and LNP;
- The project will carried out compensatory plantation of 4797 felled trees at a ratio of 25 seedlings for each lost tree equivalent to 119925 numbers as per the Forest Guideline, 2006 in an area as directed by the District Forest office of Rasuwa district and LNP authorities;
- The construction workers will be prohibited to collect firewood, timber and other forest products from the local community forest of Haku VDC and such act will be termed illegal.

Local Employment and Skill Training Plan

This plan has been developed, in consultation with the GoN, keeping in mind the following:

- Literacy and skill profile of the area
- Potential employment opportunities- existing and during project construction

- The skill training programs being implemented in the area by the NGO/INGO and other agencies
- The One Belt One Road (OBOR)/ Belt and Road Initiative (BRI) and other future developments in the area

NWEDC has carried out a study to map the existing resources, labourers, skill level and numbers in the local areas (AoI, Gaonpalikas being touched by the project, the district and briefly over national scale). The study has the following components:

- Identification of implementing partners for skill training;
- Vocational and livelihood trainings for locals including assistance for farming, forest conservation, training to women, apprenticeship programs and improvement of education facilities in the area; and
- Training in course of employment or on-the-job trainings to locals to enhance their skills and employability.

Industrial Benefit Sharing Plan

Industrial Benefit Sharing Plan has the following objectives:

- Ensure full and fair opportunity of access for Nepal-based suppliers of goods and services to participate in the development of the Project;
- Help in promoting a vibrant, growing, competitive supplier base within Nepal that over the time shall meet higher value-added requirements for goods and services for the Project;
- Encourage initiatives for joint venture and quality improvement measures that shall enhance the ability of Nepal-based suppliers to compete domestically and internationally; and
- Promote safe and healthy working conditions among suppliers of goods and services to the Company and the Project.

As part of this process, NWEDC has mapped the resource requirements through the project lifecycle and prepare a vendor strategy for local procurements. NWEDC will adopt a transparent process of vendor selection. In order to enhance the capability of local vendors it would run orientation and capacity building programs for local vendors.

IFC PS-7 in clause 14 deals with the circumstances in which free, prior and informed consent process has to be conducted. The conditions which trigger the FPIC for this project are summarized in Table below.

Table 2.5 *Special Circumstances requiring FPIC and its relevance*

Criteria	Relevance	Compliance Status
Impacts on lands and natural resources subject to traditional ownership or under customary use	The community forest land to be used for the project is part of the collectively owned natural resources by local Indigenous Peoples. The changes in the river condition due to project will also potentially impact customary use of the river and fish population in it.	The DFO is reported to have carried out the consultation with CFUGs and obtained consent holding General Assembly of these three concerned CFUGs as per Forest Rules 1995. As the process documentation is not available, the adequacy of the process could not be judged.
Relocation of IPs from lands and Natural Resources subject to traditional ownership or under customary use.	Project involves acquisition of 36 structures including 27 residential structures, 8 cowsheds, and 1 water mill. The residential structures included 14 primary residences, 5 secondary residences (only used seasonally) and 8 partially constructed houses. Out of the 14 primary residences 7 were prior to earthquake and 7 are post-earthquake. They impact 12 families.	It should be noted that earthquake had damaged all structures and all families moved to IDP camps.
Critical Cultural Heritage	No critical cultural heritage is located in project impact area.	
Commercial use of Traditional Knowledge and Knowhow of IPs	Not Relevant	

As the project impacts the lands and natural resources subject to traditional ownership/under customary use of IPs as well as relocation of few IP PAFs, the requirement of free prior and informed consent for the project is triggered.

Since the project inception, NWEDC has engaged with the Tamang Group in a process that recognised their human rights, dignity, aspirations, culture, and natural resource-based livelihoods. This section provides an overview of the engagement process undertaken by NWEDC and examines its adequacy vis-à-vis the requirements of the IFC PS 7 and ADB SPS 2009.

3.1 CONSULTATIONS WITH AFFECTED TAMANG HOUSEHOLDS IN PLANNING AND LAND ACQUISITION PROCESS

The affected Tamang community has been consulted since 2009-2010, when the project was conceptualised. The initial consultations were held with Tamang households for procuring their land through a negotiated settlement. During the land acquisition process, meetings were conducted with the land sellers both at household level and ward level (in Mailung, Gogone and Haku Besi). The purpose of these meetings was to provide the land owners, PAFs and other community representatives with information pertaining to the project, the land requirement for the project and the proposed entitlements/compensation in lieu for the same.

These meetings were followed by a public hearing, held in March 2013, post the completion of the EIA. The purpose of the public hearing was to provide a more detailed project understanding and finalize the compensation amount for the land purchase. As per the records made available, two formal meetings were conducted in case of Guthi land. NWEDC representatives and local villagers of Haku Besi (Ward no 7 & 3) met on 19th January 2013 to agree over the rates and terms of transfer of the tenancy rights. Subsequently a meeting was held at NWEDC head office, Nakshal, Kathmandu between Guthi Land tenants of Hakubesi and NWEDC, in which 16 villagers were present.

The sale and lease deeds signed by respective land owners are indicative of consent part of the land owners (majority of which are Tamang population); however, the disclosure and consultation process followed in land acquisition stages are not documented.

The consultation with Community Forest Users Groups on leasing the communally held land and land-based resources was led by DFO following due process of law under Forest Rules 1995. This consultation process can be accepted as a meaningful consultation with concerned communities. A broad screening of the gaps with respect to consultations process is summarised in table below.

Table 3.1 *Screening of Consultation process followed by NWEDC Prior to Land Procurement*

Criteria	Assessment
Informed	The information about the project was not formally disclosed to the community. The community members reported that they heard about the project from the cadastral survey team. Though there were three meetings on the land purchase, these meetings focused on the compensation only. The community was not shared information on the potential environmental and social impacts of the project.
Prior Consultation	The consultations were held with land-owners prior to land purchase and constructions on these lands are yet to start.
Participation or stakeholder engagement	Though the stakeholder engagement process at the time of the land procurement and impact assessment was not guided by a formal stakeholder engagement plan. Yet NWEDC had initiated community engagement at the time.
Free Participation	<p>The feedback from the community during the consultation does not indicate use of power, authority or undue influence by NWEDC to determine the land price. The community has consented to sell their land to the project development in anticipation of better road connectivity and improved economic prospects.</p> <p>Though there was a general discontent on the role of the agent (hired by the community) involved in the land transaction, the community did not implicate NWEDC on any possible complicity in this matter.</p>

3.2 *CONSULTATIONS WITH AFFECTED TAMANG HOUSEHOLDS DURING EIA/ESIA STUDY*

Consultations were held with the Tamang community at various stages of the EIA and ESIA. The purpose of these consultations was to develop an understanding of the local stakeholder's perception of the project and its activities, the impacts of the project on the community, especially in terms of the impacts of land take, the adequacy of the compensation provided and the utilization of the same and the possible livelihood restoration activities that can be introduced. The key engagement activities undertaken as part of the impact assessment process pertain to the public meetings and the consultations and surveys undertaken as part of the complementary ESIA, as are discussed below:

- **Public Meeting, 2012:** In the months of September and October, public meetings were held in the villages Mailung, Haku Besi and Gogone respectively, with various local stakeholders including the land owners, PAFs and community representatives. As part of these meetings information regarding the project was disclosed, including the capacity of the project, the location of the key facilities, and the land requirement for the project including the requirement for community forest land and the potential benefits to the community in terms of compensation,

employment and training. As part of this meeting, the compensation rates for the land to be procured were also discussed.

- **Public Meeting, 2013:** In continuation of the public meetings, post the measurement of private land, consultations and meetings were undertaken in February 2013 with the land owners, for the purpose of negotiations for the land purchase. Following this, after the completion of the EIA study, a public hearing was held in March 2013. The purpose of this public hearing was to provide an understanding of the project and to finalize the compensation amount for the land purchase. It is reported that as part of the public hearing, the land owners were promised jobs, shares in the project, training as well as community benefits, such as development of road and a school for the community. It is reported that the land owners had earlier demanded a compensation rate of NPR 10 lakh per ropani, however this was negotiated down to NPR 5 lakh per ropani. As part of the meeting, the final compensation package was agreed upon with the community and their signatures were taken as agreements. Apart from these consultations, meetings were also undertaken with the DAO office, Forest Department and Survey department to finalize the compensation rates and the land procurement process.
- **Complimentary ESIA, 2014:** in addition to the public meetings undertaken, the project also engaged with the community as part of the complimentary ESIA process. As part of the ESIA process, consultations and household surveys were undertaken with the land owners, PAFs and the local community. The purpose of these consultations and surveys was to allow for an understanding to be developed of the socio-economic baseline of the project area, the potential impacts on the community due to the project activities and the perception of the community of the project and its activities.

3.3

CONSULTATIONS WITH AFFECTED TAMANG HOUSEHOLDS DURING LRP FORMATION IN 2015

In addition to the consultations undertaken during the EIA and ESIA process, consultations were undertaken as part of the LRP preparation process in 2014-15. The purpose of these consultations was to develop an understanding of the local stakeholder's perception of the project activities, the impacts of the project on the community, especially in terms of the impacts of land take, the adequacy of the compensation provided and the utilization of the same and possible livelihood restoration activities that can be introduced. The following table provides a list of consultations undertaken and the purpose of the same.

Table 3.2 *List of Stakeholder Consultations undertaken*

S. No	Stakeholder Group	Village/ VDC	Date	Number of Participants	Purpose
1	Community Forestry User Group	Mailung	18-11-2014	2	To develop an understanding of the working of the working of the CFUGS, the impact of the project on the gutthi land and the compensation paid for the same
2	Jan Sarokar Samiti	Mailung	11-01-2015	2	To develop an understanding of the JanSarokar Samiti for the project
3	Community Forestry User Group	Haku Besi	13-1-2015	22	To develop an understanding of the working of the working of the CFUGS, the impact of the project on the gutthi land and the compensation paid for the same
4	Tamangs	Haku Besi	12-01-2015	18	To develop an understanding of the socio-economic profile of the indigenous group, there relationship with the other communities, the impacts from the project and the expectations from the project
5	Women	Haku Besi	13-01-2015	11	To develop an understanding of the socio-economic status of women, their understanding of the project and its potential impacts and their expectations from the project
6	Tamangs	Haku Besi	13-01-2015	4	To develop an understanding of the socio-economic profile of the indigenous group, there relationship with the other communities, the impacts from the project and the expectations from the project
7	Youth	Haku Besi	14-01-2015	16	To develop an understanding of the perception of the stakeholder group in regards to the project, the changing socio-economic profile of the villages and the expectations from the project
8	Women	Mailung	10-02-2015	3	To develop an understanding of the socio-economic status of women, their understanding of the project and its potential impacts and their expectations from the project
9	Women	Mailung	11-02-2015	2	To develop an understanding of the socio-economic status of women, their understanding of the project and its potential impacts and their expectations from the project
11	Fishing Group	Karakchapul	12-02-2015	3	To develop an understanding of the nature of the fishing activities in the area and the potential

S. No	Stakeholder Group	Village/ VDC	Date	Number of Participants	Purpose
					impacts of the project on the same and the possible mitigation/compensation measures that can be put in place
12	Community Forest User Group	Mailung	12-02-2015	1	To develop an understanding of the working of the CFUGS, the impact of the project on the gutthi land and the compensation paid for the same

3.4

RELIEF AND REHABILITATION ACTIVITIES POST 2015 EARTHQUAKE

The SEP-GRM formulated in 2015 recommended hiring of Community Liaison Officers in order to take forward the engagement activities with PAFs. The project hired two Community Liaison Officers (CLOs) in 2015, which are stationed at Dhunche, one of them is a Tamang PAF for the project. These CLOs serve as the local point of contact between the project and the PAFs and have an important role to play in the implementation of the Stakeholder Engagement Process.

Nepal was struck by a 7.8-8.1 magnitude earthquake; the 'Gorkha Earthquake', on 25th April 2015. The Rasuwa District, where UT-1 is located, was one of the worst affected areas. The earthquake damaged more than 80% of the houses in the project footprint area and resulted in more than 200 deaths in the area (43 on the project site) and the access road to the project was totally damaged.

The project proactively engaged with the local community to provide relief and rehabilitation support to the earthquake affected communities. As part of this engagement exercise, the project, in partnership with the local government and community based organizations, undertook relief activities including immediate relief post-earthquake and long term rehabilitation interventions. NWEDC provided following supports:

- Aid in search and rescue operations in Mailung, Gogone, Tiru and Haku VDC, through which they rescued approx. 67 injured locals through choppers;
- Immediate relief provisions of food, tarpaulin sheets, blankets, toilet pans and utensils distributed;
- Distribution of CGI Sheets (1555.73 tonnes) and bamboo (8 per family) for the construction of temporary shelters and toilets;
- Distribution of rice and cooking oil (a total of approx. 37.7 tonnes of rice and 1452 litres of cooking oil);
- Medical health camps and medicine support;
- Distribution of warm clothes to school children in Haku VDC;
- Drinking water, water tanks and pipes;

- Contribution of 50,000 USD as support for relief and rehabilitation of quake victims to Nepali Ambassador in Seoul by Korea South East Power Co. Ltd. (KOSEP);

This relief support was focused on the villages of Mailung, Gogone and Tiru, which were more severely impacted. Within these villages, the relief support was given on priority to the elderly, disabled and injured people. It should be noted that as part of these relief activities, no differentiation was made between the project affected households and the local community in the VDCs.

3.5 *CONSULTATIONS UNDERTAKEN AS PART OF THE GAP ASSESSMENT PROCESS IN 2016*

In 2016, ERM was contracted to undertake an E&S gap analysis and status assessment of the project and the AoI, in the post-earthquake scenario. One of the key activities undertaken as part of this assessment was the consultations with the internal and external stakeholders. The following table provides a summary of the consultations undertaken during this period.

Table 3.3 *Consultations with Local Community*

S. No	Stakeholder Group	Location	Date	Key Issues
1.	Local Community,	Mailung	5 th April 2016	<ul style="list-style-type: none"> • Understanding of the impacts from the earthquake; • Status and understanding of the various relief activities being undertaken by the project, NGOs and government in IDP camps; • Change in socio-economic baseline in the area post the earthquake, in terms of social structure, livelihoods and access to infrastructure and services; • Key concerns of the local community in the post-earthquake scenario; • Key expectations of the community from the project and the government
2.	Local Community, in IDP Camp,	Naubise	5 th April 2016	
3.	Local Community, in IDP Camp,	Bogetitar	6 th April 2016	
4.	PAFs in IDP Camps	Across IDP camps	6 th April 2016	
5.	Local Community, in IDP Camp,	Farm Camp	7 th April 2016	
6.	Local Community, in IDP Camp,	Kebutol	7 th April 2016	
7.	Local Community, in IDP Camp,	Pradhi-karan	7 th April 2016	

As part of this gap assessment, ERM engaged with the Tamang population, as part of the larger community. The focus however was on the experiences and issues being faced by the community post-earthquake.

3.6 *CHANGES DUE TO GORKHA EARTHQUAKE*

The earthquake and subsequent landslides resulted in the local community vacating their villages and seeking refuge in Internally Displaced People's (IDP) camps, such as Naubise, Satbise, Bogetitar etc. The following table provides an understanding of the present residence of the local community

from various villages in the Project AoI and the complexities associated with the same.

Table 3.4 Housing Options for IDPs across VDCs

S	Village	IDP Camp	Present Residence
1.	Haku Besi, Thullu Haku, & Sanu Haku	<ul style="list-style-type: none"> • Farm Camp • Kebutol • Pradhikaran Camp 	<ul style="list-style-type: none"> • Most households are moving back and forth between the original villages and the IDP camps; • From most households, at least a few household members return to the native village for cultivation; • The families return to the villages, three times in a year for cultivation, 10-15 days at a time; • At the time of the site visit, houses at Pradhikaran (NEA) land located IDP camp were found to be empty with all the temporary houses locked; and • The families return to the IDP camps during monsoons and winters.
2.	Gogone and Tiru	<ul style="list-style-type: none"> • Naubise • Bogetitar • Kalikasthan • Batar 	<ul style="list-style-type: none"> • Most households are still residing in IDP camps; • Some households from Tiru have gone for cultivation; • No one from Gogone has returned back to their original village; • Some people from Naubise camp (17 HHs from Gogone) have moved to the proposed resettlement site (Khalde) nearby to avoid paying monthly rent for the land in Naubise; and • People in Kalikasthan are in the process of buying and developing a land pool and then looking for agencies which can help them construct houses in the new location.
3.	Mailung	<ul style="list-style-type: none"> • Naubise • Bogetitar • Mailung 	<ul style="list-style-type: none"> • The households whose structures weren't completely damaged in the earthquake have returned to the native location permanently; and • NWEDC is presently engaged in ongoing consultations with the 7 house owners for buying their land. Nothing is confirmed on this yet and people are not yet decided on where they will shift if they happen to sell their houses. The geology report as informed has considered even the Mailung area as unsafe for any construction in future.

Source: ERM Site visit and consultations, April 2017

3.7

CONSULTATIONS UNDERTAKEN AS PART OF THE LALRP UPDATE IN 2017

As part of the LALRP update process in 2017, FGDs and key informant interviews were undertaken with key stakeholder groups. The following table provides consultations undertaken with the local community.

Table 3.5 *Consultation Activities with Local Community as part of the LALRP Upadation Process*

S. No	Stakeholder Name	Date	Mode of Consultation	Summary of Consultations Undertaken
1.	Women group from Haku VDC	5 th May 2017	FGD	A discussion with the various stakeholder groups on the following aspects:
2.	Women Group from Haku VDC	5 th May 2017	FGD	
3.	Tamang Women Group from Satbise	1 st May 2017	FGD	The impacts from the earthquake
4.	Mixed group in Nuabise	8 th May 2017	FGD	Present livelihood profile
5.	Mixed group in Bogetitar	7 th May 2017	FGD	Role of the project in earthquake relief
6.	Mixed Youth Group	29 th April 2017	FGD	Present perception towards the project
7.	Mixed Group from Farm Camp	12 th April 2017	FGD	
8.	Women Shop Owner in Nuabise	8 th May 2017	KII	Present expectations from the project in terms of LALRP activities
9.	Women Shop Owner in Nuabise	8 th May 2017	KII	
10.	Mixed Group in Khalde	13 th April 2017	FGD	
11.	Politician in Nuabise	13 th April 2017	KII	
12.	Women returned after Foreign Employment	2 nd May 2017	KII	
13.	Men Group in Mailung	14 th April 2017	FGD	
14.	Men Group from Haku VDC	6 th May 2017	FGD	

Note: FGD: Focused Group Discussion
KII: Key Informant Interview

These discussions and interviews were aimed at supplementing and triangulating the information made available during the PAF survey and also for collecting additional qualitative data on certain key areas, such as NGO activity in the area, livelihood restoration mechanisms etc. These consultations covered Tamang as most of the local community in the AoI and as project affected families were Tamangs.

This section describes the proposed FPIC process to be carried out for the project. It outlines broad principles which are aligned with the requirements of IFC PS-7, ADB Safeguard Statement and other international FPIC Guidelines. The proposed process is broadly guided by these principles, yet the specific context of the project determines areas or aspects which are more relevant for this project.

4.1 **PRINCIPLES OF FREE PRIOR INFORMED CONSENT**

The FPIC process proposed will be based on the following principles:

Table 4.1 *Principles of FPIC*

Principle	Attributes
Free	<ul style="list-style-type: none"> This principle implies the process should be conducted in the absence of any manipulation, coercion or intimidation from any other groups, bodies and entities in the decision-making process of indigenous peoples. Any external influence that hinders self-determination in the process of decision-making and the outcome of their decision is a clear violation of this principle. Consent cannot be valid if it is taken from the authority or the group that is not recognized by the indigenous communities or not accountable to them. Further, the independence of their decision-making process and the outcome must be verifiable with the members of the indigenous communities.
Prior	<ul style="list-style-type: none"> The informed consent must be sought first as a precondition before implementing any activity and project. It is an advanced authorization from affected indigenous peoples' communities before the commencement of any activities or project. It shall respect the time requirements of indigenous peoples' consultation and consensus processes defined by them. The prior consent requires a comprehensive procedure to ensure that indigenous peoples have sufficient time to understand, analyze and discuss the information they receive collectively. All parties requiring the consent of indigenous peoples must thereby engage them in good faith discussions to reach a mutual agreement on the timeline of the decision-making process. The element of prior also denotes respecting the duration of time for indigenous peoples to undertake their decision-making process according to their pace and circumstances.
Informed	<ul style="list-style-type: none"> This is a core element of the FPIC decision-making process to reach or achieve a well-informed decision. It is thereby important not only to have access to information, but also to clearly understand the information provided to them. If necessary, information should be translated to the local language and put in a form and manner that is understood by the indigenous communities to facilitate better understanding. Further, indigenous community members must have a level of satisfaction on the level of information provided to them. This includes information to clarify or answer their questions as well as information that shall provide them with a comprehensive understanding

especially on the implications of the activity, project or matter for their collective decision.

- Information disclosure for the FPIC process should include full and legally accurate exposure of data pertaining to any activity or proposed developments or projects.
- The project proponent is responsible for the full disclosure of the information to indigenous communities, including providing the information in forms understood to them.
- Indigenous communities shall also have the freedom to secure additional information from other sources, besides the project proponent.

- Consent**
- It is a collective decision-making process of indigenous peoples that entails several steps. This may include series of consultation as needed and it should allow enough time for indigenous communities to undertake their own internal deliberations prior to making their collective decision.
 - The consultations shall allow community members, including women and youth, to express their views, raise their concerns, seek additional information, if needed, and seek clarifications on their questions and/or concerns.
 - It should be transparent, inclusive and well-informed with meaningful and accountable participation of the indigenous leaders in the consultation processes and the collective decision-making process.
 - The consultation processes shall be documented properly. The project proponents shall provide for more information, if requested, and respond to the clarifications and conditions set by indigenous communities. In addition, consultations require an effective system of communication and understanding information among indigenous peoples.

Source: UN- REDD Programme: Guidelines on Free, Prior and Informed Consent, 2013

4.2

PROCESS FOR SEEKING FPIC

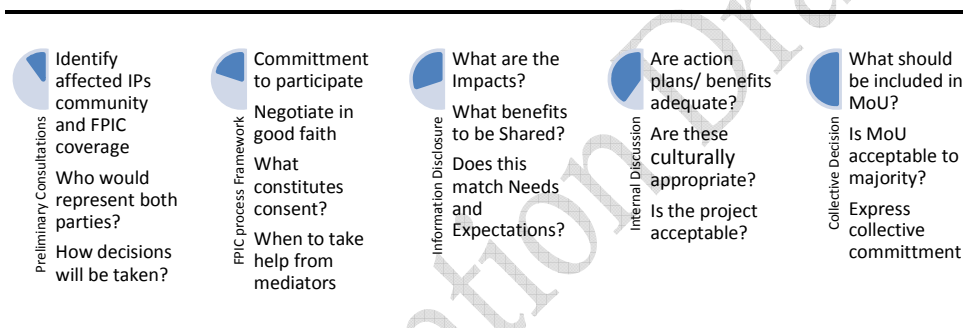
An FPIC process will be initiated in the first half of 2018, focusing on project-affected communities of IPs, primarily those formerly resident in eight main villages in or near the project footprint and their traditional representatives (if any) located elsewhere. The following broad approach is proposed, subject to detailed discussion with the IP communities and their representatives:

- Identify affected IP individuals and communities as well as project impacts, mitigation measures and potential benefits related to them. Process completed by ERM/NWEDC, subject to confirmation by IP representatives.
- Engage i) an international social expert(s) with FPIC experience to support the FPIC process and ii) a credible IP support organization to build the capacity of affected IP communities to understand and participate in the process.
- Verify and engage with local Tamang leadership and district authorities to discuss the FPIC process, with input from the IP organization / social expert mentioned above. Develop a mutually acceptable engagement/negotiation framework for the FPIC process, based on the principles of Good Faith Negotiations; agree on what constitutes consent for UT-1.

- iv. Share accurate and up to date information on project impacts, proposed mitigation measures and proposed benefit streams in a culturally appropriate manner, based on discussion with IP representatives, and provide sufficient time for capacity building and support to IP communities to understand these matters and their rights.
- v. Negotiate the package of materials presented, and adjust as appropriate in response to input. Use mediation if needed to resolve disagreements.
- vi. Update package of materials and seek consent from affected IP communities and their leaders. Document consent in a mutually agreed written format, including an agreed mechanism for monitoring of key commitments in future and grievance redress.

Thus the FPIC process is recommended to be conducted in five broad steps which are outlined below:

Figure 4.1 *Flow of the FPIC Process*



4.2.1 *Preliminary Consultations and Agreement on Decision Making Process and Negotiation Teams from Both Sides*

The first step of the process would be to hold a preliminary round of consultations with affected Tamang and Gurung communities to identify the traditional leaders and their representative organizations (Indigenous People's Organization). Further consultations with their traditional leaders and IPOs would be undertaken to understand their traditional or customary decision making process and its adoption as the foundation for the FPIC process. The choice of adopting this customary process or a new process acceptable to the community will be left to IPs communities.

NWDC (with support from IPs experts) will collect information regarding the following to ensure that the FPIC decision making process adopted by Tamang leadership is just and credible.

- Norms associated with inviting:
 - People (of both gender);
 - Traditional Leaders for meetings;
- Norms for:

- Giving representations to different sub-sections (clans or regional leaders);
- Logistic arrangements (travel, food, drinks, seating etc.);
- Discussion and deliberations;
- Recording decisions; and
- Customary rites after final decisions etc.

This preliminary round of consultations will discuss the requirement of third party support organization to build the capacity of affected IP communities to understand and participate in the process. The NWDC will share the names of the authorised team members who would participate in the process and build mutual acceptance and consensus on negotiating teams from both sides.

4.2.2

FPIC Process Framework Decided

It is expected that the process of negotiation will involve a range of diverging opinions and disagreements. Therefore, there is a high possibility of stalemate situations. In order to prevent such situations, a FPIC process framework document (blueprint that guides the discussion while making the final decision on key issues) should be developed by the IP-Expert and IP Support Agency in consultation with both parties. A typical FPIC Process Framework covers the following:

Scope and purpose: This section should mention the key issues to be discussed.

Principles: This will list out the key principles or commitments from all participating parties in the negotiation and consent process. Standard principles for the 'good faith negotiation' are as follows:

- Parties will take active participation on the process;
- Parties shall respond to the communications in a timely manner;
- Parties will take reasonable steps to organize and attend meetings in a timely manner;
- Parties will respond to reasonable requests for relevant information within a reasonable time;
- Parties will allow and respect their respective internal decision making processes;
- Parties will send negotiators with proper authority to negotiate on behalf of them;
- Parties will not adopt a rigid and non-negotiable position;
- Parties will not indulge in unilateral conduct that harms the negotiation process i.e. issuing inappropriate press statements; and
- Parties will work consistently and act upon the commitments made.

Deliberation process: This section will describe different events to be held as part of this negotiation process. If required the deliberation process will make provisions for making interim agreements on issues which can be resolved earlier than a set of other issues which requires longer deliberation. This will also describe how these events will be documented.

Communication: The framework will mention the communication modes to be followed during the deliberation process. The communication mode will mention the language(s) for discussion and documentation, identify translators or interlocutors to be engaged. It will identify the responsible person(s) from each side for internal transmission of the messages.

Measurement of Consent/Support: This section of the framework will explicitly deal with how to measure the support of the IPs. It will refer to the practice of measuring consent and support in a customary decision making process, if any. However, if it is not objective and fair from a modern rule of law perspective, it should be supplemented making it objective and transparent. It can define the minimum percentage of support, which will be construed to make the process successful.

Funding: This section will deal with the responsibility of funding different events and expenditures in different heads. The funding process needs to be transparent and follow the legal and ethical principles.

Agreeing to a FPIC process framework can create a foundation of trust and guide the relationship building process between representatives of both parties.

4.2.3

Information Dissemination and Facilitation for a Draft MoU

Thus, the non-technical executive summary (enclosed as Appendix-1A) of the Draft ESIA and other Management Plans shall be prepared and also translated into the local IPs language(s) (enclosed as Appendix-1B) and Nepali language (enclosed as Appendix-1C). While most of the Tamangs/Gurung are comfortable in interacting in the national language Nepali, certain sections of Tamang/Gurung community would be more comfortable in their respective mother tongues.

These non-technical executive summaries in Tamang/Gurung/Nepalese shall be disclosed to the IPs community by NWEDC by providing copies of the same in strategic locations. The traditional modes of information sharing if any would be adopted, if they were identified in previous round of preliminary consultations. The target Tamang/Gurung community shall be provided with a timeframe acceptable to both parties to review and internally discuss the details disclosed. If accepted by IPs, the IP Support Organization will facilitate such internal meetings and document the process on their behalf.

The community will be free to access information other than what is provided in the non-technical executive summary by approaching NWEDC. The NWEDC will extend their cooperation and support to provide them with clarifications and additional information on the content of the summaries disclosed. The schedule of these consultation will be fixed in such a way that participants are given adequate time to understand and ask questions and clarifications, to share their opinions and views, and to receive responses.

The IP Support Organisation, if acceptable to the community, will facilitate creating Draft MoUs based on these consultations. If they wish, they would be free to seek independent technical advice from other reliable sources which are acceptable to both parties.

4.2.4 *Internal Discussion and Consultations*

The internal consultations at the community level shall be arranged through the negotiating team constituted in preliminary consultation stage. The community consultation team will be constituted by their existing traditional leadership structures, if any, or through recognized community leaders and/or representatives selected by the communities.

The community leaders and representatives shall determine the time, location, and requirements as appropriate, taking into account the availability of community members including youth, women and the elderly. The internal committee will use the Draft MoUs prepared in the previous step for further discussion and amend it as they deem fit. The IP Support Organization will provide the support of facilitation and record summary on what has been discussed and decisions in these Draft MoUs.

These draft MoUs will have a clearly defined scope and will focus on the project, its impacts and the mitigation measures identified for the same (including the management plans prepared). While it is acknowledged that the community's needs and aspirations have evolved due to the earthquake, this MoU will be focused on the project related impacts and not the larger development goals and needs of the community.

4.2.5 *Community Level Public Meetings and Decision making*

NWEDC shall organize two large public meetings (tentatively suggested at Mailung and Dhunche) for all the erstwhile VDCs (considering new Gaunpalika) impacted by the project. The purpose of these meetings shall be to gather feedback/recommendations as reflected in their respective Draft MoUs. These Drafts will be discussed and consolidated into a single MoU for their collective acceptance.

The Consolidated Draft MoU will be read out in the public meeting and consent on this would be sought using a mutually agreed decision making process (which may include a voice vote, formal casting of votes, hand counts etc.). The proceedings of the Public meeting will be documented in order to ensure the process and content of consultations are free from any undue influence or coercion. A video recording, photo documentation and documentation through an independent agency of the proceedings at the public meeting will be maintained.

The IPDP and ESMP (and other Management Plans) shall be subsequently updated, based on the feedback received during their various engagement activities. The Final IPDP will provide documentation of the FPIC process.

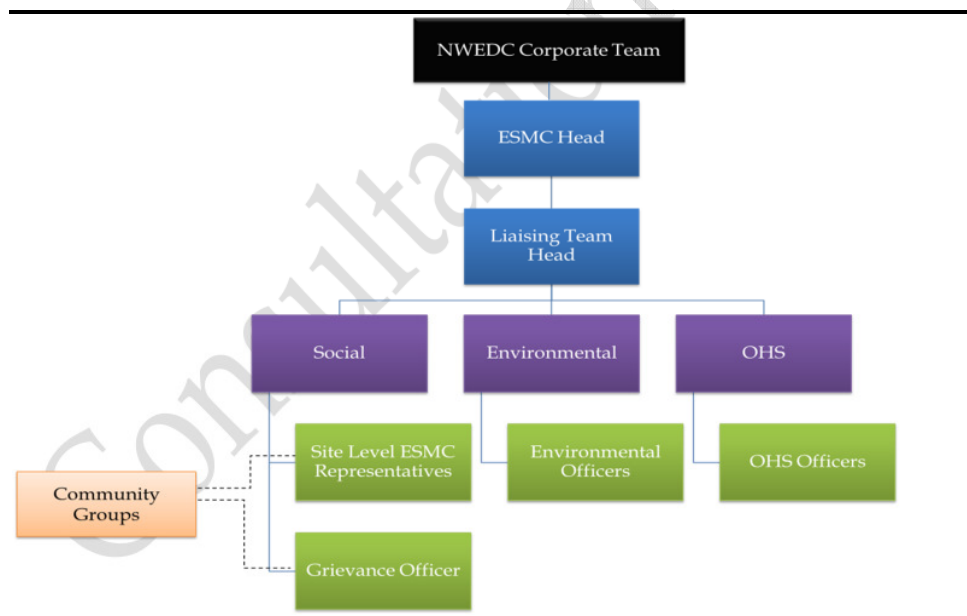
Consultation Draft

This section describes the overall implementation process of the IPDP. As most of the PAFs and local community in the AoI are categorized as IP population, the IPDP implementation mechanism is synchronised with the implementation mechanisms of the ESIA and SIMF for the project. This section includes a summary discussion on the resources requirements and steps involved in implementation, including disclosure, engagement, grievance redressal and monitoring and review.

5.1 ORGANIZATION STRUCTURE AND STAFF REQUIREMENTS

The IPDP will be implemented by the Environmental and Social Management Cell (ESMC) set up for the project. The reporting structure to be followed for the ESMC is provided in the figure below.

Figure 5.1 Organizational Structure for ESMC



As can be seen in the figure above, the ESMC head will lead the overall implementation process. The Liaising Team Head will report to the ESMC head at NWEDC and will be supported by Site Level ESMC Representatives (also referred to as the Community Liaison Officers or CLOs) who will be primarily responsible for undertaking regular interaction and mobilisation activities with the community.

There are two CLOs engaged at the project site, one of whom is a Tamang PAF. In addition to this the recruitment of a female Mobilization officer should be considered at the time of implementation. This institutional

structure may be further strengthened or get extra support, as such experts/scholars working with the Tamang community or NGOs working in the area as required through the implementation of the IPDP.

5.2 IMPLEMENTATION SCHEDULE AND BUDGET

The implementation schedule and budget for the IPDP shall be in keeping with the agreements reached through FPIC process.

5.3 DISCLOSURE AND IMPLEMENTATION MONITORING PROCESS

In addition to the above mentioned mitigation measures, the project shall undertake regular engagement and information disclosure to the external stakeholders through the project lifecycle. This process of engagement shall be undertaken in keeping with the principles of inclusivity and cultural appropriateness. The SEP formulated for the project provides a detailed engagement plan to be followed for the project lifecycle. The following section provides the process to be followed for information disclosure which shall be updated based on the suggestion from the FPIC process.

5.3.1 Continuation of Disclosure of Information in Operation Phase

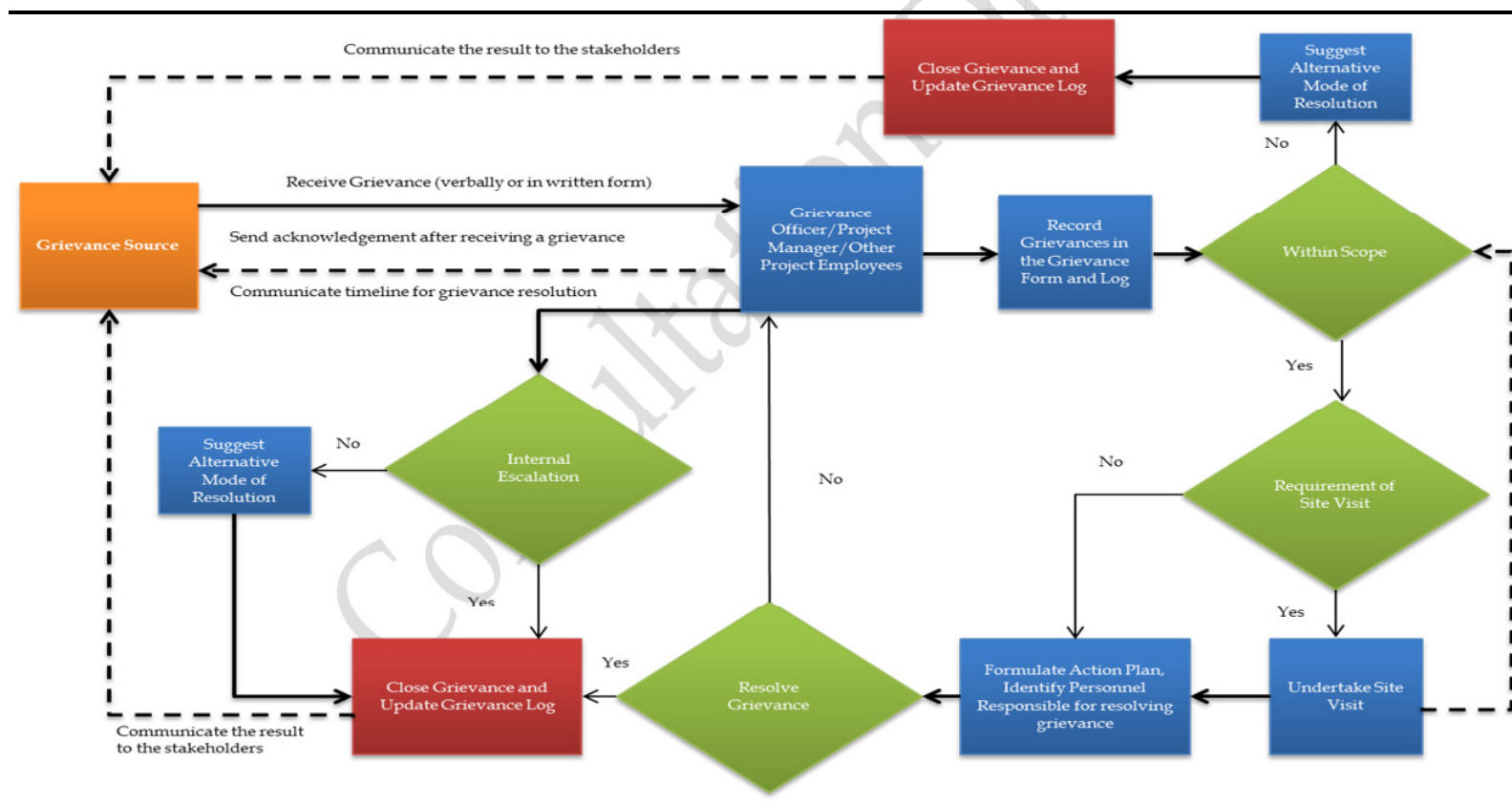
The project shall undertake regular information disclosure through the project operation lifecycle. This information disclosure shall be as per the SEP adopted for the project.. The mandatory disclosure shall be comprised of the monitoring and review reports in keeping with the SIMF and regulatory requirements. In addition to this, the project shall organize public meetings and consultations, at least on an annual basis. These consultations shall be aimed at providing a general update of the project status and activities to the local community and receiving their feedback on any key aspects.

5.3.2 Monitoring of Implementation and Reporting Back

In addition to the information disclosure process, the key stakeholder groups, including the PAFs, vulnerable groups, Jan Sarokar Samiti etc. shall be involved in the annual review process for the SIMF including the IPDP. The process and components of monitoring to be undertaken for each of the constituent action plans under the SIMF is provided in these individual action plans. Similarly, the documentation and reporting requirements for these individual action plans is also provided.

Another key form of engagement is the access to the Grievance Redressal Mechanism formulated for the project. The process to be followed for the redressal of the external stakeholder grievances is summarized below. This grievance redressal mechanism is aimed at allowing all external stakeholders, including the IP population to communicate any concern or grievance in a format which is convenient to them. In keeping with the literacy profile of the IP population and general community, the option of communicating the grievances verbally is made available.

Figure 5.2 Schematic Representation of External Grievance Mechanism



*Appendix-1A: The non-technical executive summary of the
Draft ESIA-ESMP and Other Mitigation/Management Plans in
English*

Consultation Draft

*Appendix-1B: The non-technical executive summary of
Draft ESIA-ESMP and Other Mitigation/Management Plans in IP
Language*

Consultation Draft

Appendix-1C: *The non-technical executive summary of the Draft ESIA-ESMP and Other Mitigation/Management Plans in Nepalese*

Consultation Draft