

# Indigenous Peoples Planning Framework

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## Nepal: Nuts and Fruits in Hilly Areas

Prepared by the Ministry of Agriculture and Livestock Development, Government of Nepal for the Asian Development Bank.



## CURRENCY EQUIVALENTS

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## ABBREVIATIONS

ADB	–	Asian Development Bank
AKC	–	Agriculture Knowledge Centre
CBO	–	Community based organization
CBS	–	Central Bureau of Statistics
CPMU	–	Central Project Management Unit
CPR	–	Common property resources
DAG	-	Disadvantaged Groups
EA	–	Executing Agency
GESI	–	Gender Equality and Social Inclusion Action Plan
GRC	–	Grievance redress committee
GRM	–	Grievance redress mechanism
IAs	–	Implementing agencies
IPs	–	Indigenous Peoples
IPP	–	Indigenous Peoples Plan
IPPF	–	planning framework
MOALD	–	Ministry of Agriculture and Livestock Development
MOLMAC	–	Ministry of Land Management, Agriculture and Cooperative
NARC	–	Nepal Agricultural Research Council
NAFHA	–	Nuts and Fruits in Hilly Areas Project
NCFD	–	National Center for Fruit Development
NEFIN	–	National Federation of Indigenous Nationalities
NFDIN	–	National Foundation for Development of Indigenous Nationalities
NGO	–	Non-Government Organisation
PIU	–	Project Implementation Unit
SMR	–	Social monitoring report
SPS	–	ADB Safeguard Policy Statement (2009)

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## I. INTRODUCTION

1. The Nuts and Fruits in Hilly Areas Project (NAFHA) aims to increase agricultural income of approximately 40,000 beneficiary farm households in 100 municipalities in hilly areas of five provinces – Province 1, Bagmati, Gandaki, Karnali and Sudurpashchim. This will be achieved through institutional capacity building for planting material management, the development of approximately 30,000 ha of new orchards for nine crops, namely almond, apple, avocado, kiwi, lime, macadamia, citrus, pecan and walnut, and the value-addition to nuts and fruits produced. The project will also support micro smallholders and marginalized people who own less than 4 ropani (0.2 ha) in the project target municipalities by supporting vegetable and other crop production in 10,000 ha and its marketing.

2. Secondary data analysis (CBS 2011) shows that the Indigenous Peoples (IP) (Magar, Tamang, Newar, Rai) in Province 1, Bagmati, Gandaki, Karnali & Sudurpacchim represent 23.9%, 43.7%, 25.6%, 12% and 2.9% of the population respectively. The IP population is higher in project selected districts of Province 1, Bagmati & Gandaki, at approximately 60%, 56% and 40% respectively and lower in province Karnali & Sudurpacchim at 13% and 1% respectively. The predominant caste group in selected districts in province 1 is Rai (3), Limbu (2) and Chettri (2); in province 3 is Tamang (3); in province 4 Gurung (4), Magar (3), Brahmin-hill (3); province 6 and 7 is Chettri. Thus, IPs are predominant population in province 1, 3, 4 (15 out of 20 districts), while in province 6&7 Chettri caste are predominant population in all 14 selected districts. Overall, in project selected 100 municipalities, BCT, Hill Dalits and Janajati(IPs) (Hills) constitute 47.2%, 15.7%, and 34.3% respectively. The selected municipalities of the project may have varying proportions of IPs as not all municipalities within the districts are selected and IPs tend to live in clustered settlements.

3. The Project has conducted phone-based interviews on 9 cooperatives from three municipalities, socio economic survey and social safeguards survey with 274 households and conducted Key Informants Interviews with community representatives such as IP farmer / cooperatives / IP representative organizations in selected municipalities. Of the total surveyed, 47% were BCT, 33.9% were IP and 18.2% were Dalits. 93% of respondent HHs have Agriculture as their main source of household income (more than 95% of BCT and 96% IP HHs were dependent on Agriculture compared to 82% Dalits). An overwhelming majority (84%) of the respondents anticipate positive impact from the project (31% of 230 HHs also anticipated both negative and positive impact). 7% HH only anticipated negative impact. Most common negative impact cited by each group was linked to likely conflict in group farming and dependency on market for staple due to replacement of staple crop production by fruits and nut. The anticipated impact scenario of the project activities on Indigenous Peoples are summarised below:

**Table 1: Likely Impact scenario on indigenous peoples**

Project activity and beneficiary	Project Approach for participation	Likely Impact
Groups of Indigenous Peoples / Individuals will be project beneficiary farmers for Nurseries and orchards will be established, construction of facilities such as fencing small-scale drip irrigation systems, introduction of planting materials, improvement of land-cover, and soil conservation	Project will select beneficiary farmers based on their application for the call for expression of interests. Participation is on a voluntary basis.	Positive due to improvement in facility

Project activity and beneficiary	Project Approach for participation	Likely Impact
Development of approximately 30,000 ha of new orchards. Support micro smallholders and marginalized people who own less than 4 ropani (0.2 ha) in the project target municipalities by supporting vegetable and other crop production in 10,000 ha and its marketing.	Project will select beneficiary farmers based on their application for the call for expression of interests. Participation is on a voluntary basis.	Positive due to increase in income from improved production and market link
Laboratory-based research activities	Activities will be done at existing research buildings or facilities including rehabilitation of resource stations/centers.	No impact
Support to investments of cooperatives, private entities, and provincial/local municipalities on value addition infrastructures	Beneficiary farmers and institutions will be selected based in interest and willingness to participate in project activity.	No impact. No physical and cultural resources of IPs will be affected

4. The above impacts are examined based on likely beneficiary of the proposed project municipalities. Exact area and actual group of Indigenous peoples participate in the project activity is yet to confirm. It will be confirmed only after approval of matching grant proposal. However, it is anticipated that indigenous people will be the majority beneficiary. Only positive impacts are identified due to expected improvement in income/economy of project beneficiaries and there will not be negative impact. IPs and IP led, or owned farmer groups and associations are encouraged to participate in the project. Participation in the project is on a voluntary basis.

5. The project is classified as category B for Indigenous Peoples in accordance with ADB's SPS. This Indigenous Peoples planning framework (IPPF) is prepared to provide guidance to the Ministry of Agriculture and Livestock Development (MOALD) and implementing agencies of the project participating municipalities and farmers group and project consultants who will be carrying out procedures to screen project impacts on Indigenous Peoples and, when required, to prepare Indigenous Peoples plan (IPP) to safeguard the rights of indigenous peoples in accordance with ADB's Safeguard Policy Statement (SPS), 2009 and country regulatory framework and acts. In Nepal, *indigenous peoples* are recognized by law as Adivasi/Janajati; and their presence is found in proposed project areas. ADB's Indigenous Peoples safeguard policy requirements is triggered if a project directly or indirectly affects the dignity, human rights, livelihood systems, or culture of Indigenous Peoples or affects the territories or natural or cultural resources that Indigenous Peoples own, use, occupy, or claim as an ancestral domain or asset.

6. The IPPF provides policy, strategy, process, and procedures to understand project impacts on Indigenous Peoples (IPs) and prepare relevant strategies in full compliance with Government of Nepal (GON) and ADB Safeguard Policies for the implementation of sub-projects. Moreover, it ensures that there are no adverse effects on IPs, that interventions are designed with greatest possible reduction of poverty among IPs and that the concerns of IPs are integrated in each cycle of the project. The IPPF also provides policy guidance in the event of unanticipated impact on indigenous peoples during project implementation or future subproject activities identified after project approval. The IPPF also delineates consultation and disclosure requirements including reporting and monitoring.

## II. OBJECTIVE AND POLICY FRAMEWORK

7. The main objective of the IPPF is to avoid or minimize adverse impacts to indigenous peoples by exploring all alternatives prior to selection/finalization of subproject/component. Following the National Laws and ADB's safeguard policies, the IPPF has been prepared to guide formulation of project components/subprojects, to ensure full respect for their dignity, human rights, and cultural uniqueness, ensure indigenous peoples do not suffer adverse impacts in the development process, and that they receive culturally appropriate social and economic benefits of the project. The principal objectives of the IPPF are to:

- (i) Screen project subproject/components early to assess their impacts on Indigenous Peoples households,
- (ii) Ensure participation of the affected indigenous peoples in the entire process of preparation, implementation, and monitoring of project activities,
- (iii) Ensure that project benefits will accrue to indigenous peoples, and any adverse impact is mitigated,
- (iv) Define institutional arrangement for screening, planning and implementation,
- (v) Outline structure of indigenous peoples plan to mitigate any adverse impacts, and
- (vi) Outline monitoring and evaluation process.

## III. IDENTIFICATION OF AFFECTED INDIGENOUS PEOPLES

8. Nepal is a multi-ethnic, multi-lingual, multi-religious and multi-cultural country, dominated by Hindu caste groups. In Nepal, indigenous peoples are popularly known as *Adivasi/Janajati*. The latest census 2011 revealed that there are 123 languages being spoken in Nepal whereas 125 caste and ethnic groups are residing in a uniquely harmonized Nepalese society. As per Census 2011 data, about 37.2% of the total population of Nepal belongs to 59 different groups of indigenous peoples as defined by the National Foundation for Development of Indigenous Nationalities Act, 2002. Nepal Federation of Indigenous Nationalities (NEFIN) has further classified 59 groups into five different categorized of which 10 Indigenous Peoples groups are in endangered, 12 are highly marginalized, 20 marginalized, 15 disadvantaged and 2 advantaged. Among the 37.2% of Indigenous Peoples, about 5% belongs to advanced groups as Newars and Thakalis.

9. The original inhabitants of the country are migrants of various ethnic groups, and the migration process can be traced back to two thousand years. The Parbatiyas ('people of the mountains'), whose culture and language has dominated the Nepalese state, migrated into Nepal from the west and south over several centuries. The Tibeto-Burman-speaking peoples, the largest linguistic grouping in the Nepal hills following the Parbatiyas, which consist with ethnic groups such as the Tamang, Gurung and Sherpa, migrated at various times from regions across the Himalayas. The Newars, another Tibeto-Burman-speaking group, have been living in the Kathmandu Valley for over two millennia. Other Tibeto-Burman groups, such as the Limbu, Rai, Sunuwar and Chepang, are considered as migrated from the east. Most of these ethnic groups were there before the Khasas, the linguistic ancestors of the Parbatiyas.<sup>2</sup> The Terai plains have been occupied by groups such as the Tharu for over two millennia, while others, such as the Maithili speakers of the eastern Tarai, arrived later.

10. In Nepal, IPs are a very heterogeneous group and in the context of this project and framework it is important to distinguish the vulnerable and poor IP from the others. The NFDIN affiliated National Federation of Indigenous Nationalities (NEFIN) has classified IP into five

different categories based on socio economic variables that include literacy, housing, occupation, language, area of residence and population size. This is given in the following table (Table 2).



**Table 2: Indigenous People and their Level of Marginalization**

Region	Endangered Group	Highly Marginalized Group	Marginalized Group	Disadvantaged Group	Advantaged Group
Hill	Bankariya, Hayu, Kusbadiya, Kusunda, Lepcha, Surel (6 groups)	Baramu, Thami (Thangmi), Chepang (3 groups)	Bhujel, Dura, Pahari, Phree, Sunuwar, Tamang (6 groups)	Chhantyal, Gurung (Tamu), Jirel, Limbu (Yakthung), Magar, Rai, Yakkha, Hyolmo (8 groups)	Newar (1 group)
Mountain		Siyar, Lhomi (Singsawa), Thudam (3 groups)	Topkegola, Dolpo, Bhote, Mugali, Lhopa, Walung, Larke (7 groups)	Chhaintan, Tangbe, Tingaunle Thakali, Bahragaunle, Sherpa, Marphali Thakali, Byansi (Sauka) (7 groups)	Thakali (1 group)
Terai/ Madhes	Raji, Raute, Kisan, Meche (Bodo) (4 groups)	Bote, Danuwar, Majhi, Dhanuk (Rajbanshi), Jhangad, Santhal (Satar) (6 groups)	Darai, Kumal, Dhimal, Gangai, Rajbanshi, Tajpuriya, Tharu (7 groups)		
<b>Total</b>	<b>10</b>	<b>12</b>	<b>20</b>	<b>15</b>	<b>2</b>

Source: Nepal Federation for Indigenous Nationalities, 2004.

#### IV. POLICY FRAMEWORK

11. This framework is prepared based on applicable legal frameworks of the government and ADB's Safeguards Policy Statement (SPS), 2009.

12. **Government of Nepal Laws:** The Constitution of Nepal (2015) in preamble obligates the country as multi-ethnic, multi-lingual, multi-religious, multi-cultural and diverse regional characteristics. In part I, Article 3; Nation is defined as 'All the Nepalese people, with multiethnic, multilingual, multi-religious, multicultural characteristics and in geographical diversities. It recognizes the status of different mother languages as national languages in Article 6. Each individual and community has the right to use, preserve and promote its own language, script, culture and cultural heritage (Article 32). The Article 51 (j) 8 articulates that the state shall pursue policy to make the indigenous nationalities participate in decisions concerning that community by making special provisions for opportunities and benefits to ensure the right of these nationalities to live with dignity, along with their identity, and protect and promote traditional knowledge, skill, culture, social tradition and experience of the indigenous nationalities and local communities. In addition, the Constitution has authorized the establishment of an Indigenous Nationalities Commission in part-27, Article 261 to address the issues and concerns of such communities.

13. The provision in Article 42 (1) recognizes the rights of Adivasi/Janajati to "participate in State structures based on principles of proportional participation. Provided that nothing shall be deemed to prevent the making of special provisions by law for the protection, empowerment or development of the citizens including the socially or culturally backward women, Dalit, indigenous

people, indigenous nationalities, Madhesi, Tharu, Muslim, oppressed class, Pichhada class, minorities, the marginalized, farmers, labourers, youths, children, senior citizens, gender and sexual minorities, persons with disabilities, persons in pregnancy, incapacitated or helpless, backward region and indigent Khas Arya in Article 18 (3).

14. Specific policy initiatives for the welfare and advancement of Indigenous Peoples (adivasi/implementing agency janajati) were initiated in 1997, when the National Committee for Development of Nationalities (NCDN) was set up. In 2002, the Nepal Parliament passed a bill for the establishment of an autonomous foundation named “National Foundation for Development of Indigenous Nationalities,” which came into existence in 2003 replacing the NCDN.

15. The first comprehensive policy and institutional framework pertaining to adivasis/janajatis “The National Foundation for Development of Indigenous Nationalities (NFDIN) Act 2002” was established under National Foundation for Upliftment of Aadibasi/Janjati Act, 2058 (2002), The NFDIN is a semi-autonomous body that acts as the state's focal point for indigenous policy, with a mandate to recommend measures to promote the welfare and development of Indigenous Peoples focusing on social, economic, and cultural rights and requirements. The NFDIN Act 2002, National Human Rights Action Plan 2005, Local Self- Governance Act (1999), Local Government Operation Act (2017), Environment Protection Act (2019) and Forest Act (2019) provide for the protection and promotion of Janajatis' traditional knowledge and cultural heritage.

16. According to the official definition stated by the National Foundation for Development of Indigenous Nationalities Act 2002, “indigenous people/nationalities are those ethnic groups or communities who have their own mother tongue and traditional customs, distinct cultural identity, distinct social structure and written or oral history of their own.” The following are the characteristics of the Indigenous Peoples:

- (i) those who have their own ethnic languages other than Nepali;
- (ii) those who have their own distinct traditional customs other than those of the ruling high castes;
- (iii) those who espouse a culture distinct from that of the Aryan/Hindu culture of dominant groups;
- (iv) those who have distinct social structures that do not fall under the hierarchical varna or caste system;
- (v) those who have a written or oral history that traces their line of descent back to the occupants of the territories before their annexation into the present frontiers of Nepal; and
- (vi) those who are listed in the schedule of indigenous people/nationalities published by Government of Nepal.

17. **ADB Safeguard Policy Statement, 2009 on Indigenous Peoples.** The objective of ADB SPS (2009) on Indigenous Peoples is to help design and implement projects in a manner that would foster respect for Indigenous Peoples identity, dignity, human rights, livelihoods systems, and cultural uniqueness, as defined by Indigenous Peoples themselves, so that they (i) receive culturally appropriate social and economic benefits, (ii) do not suffer adverse impacts as a result of projects, and (iii) can participate actively in projects that affect them. The SPS uses the term 'Indigenous Peoples' in a generic sense to refer to a distinct, vulnerable, social and cultural group possessing the following characteristics in varying degrees:

- (i) Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others;

- (ii) Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories;
- (iii) Customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and
- (iv) Distinct language, often different from the official language of the country or Region.

18. ADB SPS 2009 recognizes that indigenous peoples and ethnic minorities are often deprived or have had limited access to benefits and opportunities previously, although they are in resource-rich areas. It recognizes their unique cultural identities and social characteristics and seeks to protect them. It seeks to ensure that they should be included and should have equal opportunity to participate in and gain from the project activities. ADB policy emphasizes that the consent of affected Indigenous Peoples is essential for project activities and policy application such as commercial development of the cultural and natural resources on land used with impacts on the livelihood, or cultural, ceremonial, or spiritual uses that define the identity and community of Indigenous Peoples, physical relocation from traditional or customary lands.

19. The Indigenous People's safeguards in SPS triggers when a project affects the dignity, human rights, livelihoods systems, or culture of Indigenous Peoples or affects the territories or natural or cultural resources that Indigenous Peoples own, use, occupy, or claim as an ancestral domain or asset.

20. ADB policy recognizes the official definition of indigenous peoples as defined by national law. The similarity between national law and ADB policy is that both seek to protect the unique identity and culture of indigenous peoples and ensure their inclusion in a planned development process. In addition, ADB policy describes the process of engagement, consent and consensus building with indigenous peoples.

### **Gap Analysis of Laws and Policies of Government of Nepal and ADB SPS (2009)**

21. A gap analysis of laws and policies of Government of Nepal and ADB SPS 2009 is undertaken and presented in the table below. Indigenous Peoples will be identified based on the definition of Indigenous Peoples by Government of Nepal in the NFDIN Act, 2002. Level of impact to Indigenous Peoples and process to be followed in case of adverse impacts to Indigenous Peoples, will be as per ADB SPS 2009. In case of any discrepancy between the policies of ADB and the government, ADB policy will prevail.

**Table 3: Comparison of Government of Nepal and ADB Policy on Indigenous Peoples, Gap Analysis and Recommended Measures**

Area	Government of Nepal Policy Provision for Indigenous Peoples	ADB Safeguard Policy Statement 2009 Requirements	Gaps between GON Law and ADB SPS 2009 Requirements	Gap Filling Measures
Definition	National Foundation for Development of Indigenous Nationalities Act, 2058 (2002) established under National Foundation for Upliftment of Adivasi/Janjati Act, 2058 (2002), defines defines indigenous nationalities (Adivasi Janajati) as distinct communities having their own mother tongues, traditional cultures, written and unwritten histories, traditional homeland and geographical areas, plus egalitarian social structures. The Indigenous Nationalities Commission (INC) is governed by the Article 261 of the Constitution of Nepal 2015 and Indigenous Nationalities Commission Act, 2017.	Explores viable Alternatives for protection of Identity and vulnerability	Nepal law and policy do not address the Issues of vulnerability	Multiple social, economic and project design/ technical alternatives and options will be explored to avoid or minimize adverse impacts to Indigenous Peoples, protect their identity and address the issue of their Vulnerability.
Level of Impact Measurement	Provision of Reservation for Inclusion of Indigenous Peoples	Provision for social safeguards and assessment of differential impact	Local laws are silent on assessment of differential impact and vulnerability	Detailed assessment will be undertaken to identify different levels of impact on Indigenous Peoples.
Planning	Silent on planning for impact mitigation	Provision for proper and specific planning document to mitigate adverse impacts to Indigenous Peoples	Local laws do not provide for Planning for avoidance/ mitigation of adverse impacts to Indigenous Peoples	Indigenous Peoples Plans (IPP) will be prepared wherever ADB SPS safeguards on Indigenous Peoples are triggered. IPPs will explore possible options to avoid or mitigate adverse impacts to Indigenous Peoples. Capacity of stakeholders on planning for impact mitigation will be developed.

Area	Government of Nepal Policy Provision for Indigenous Peoples	ADB Safeguard Policy Statement 2009 Requirements	Gaps between GON Law and ADB SPS 2009 Requirements	Gap Filling Measures
Safeguards	Silent about safeguards or protection of Indigenous Peoples from project-related impacts	Clear provisions for Safeguard requirements for Indigenous Peoples in any intervention	Need for protection and safeguards for Indigenous Peoples in case of adverse impacts as a result of planned interventions/ projects is not recognized in Nepal's laws and policies	Possible measures will be explored for protection of Indigenous Peoples and their inclusion in project benefits, both direct and indirect. It has been included into project design and will also be included in IPP if required to prepare during implementation.
Consultation , consent, and culturally appropriate response	Article 2.5.d of National Foundation for Development of Indigenous Nationalities Act, 2058 (2002) entails to cause the indigenous nationalities to be participate in the mainstream of overall national development of the country by maintaining a good relation, goodwill and harmony between different indigenous groups, castes, tribes and religious communities of Nepal	Emphasis on meaningful consultation, obtaining consent of Indigenous Peoples, and formulation of culturally appropriate responses	Local laws do not address on consultation, consent from Indigenous Peoples and culturally appropriate response	All possible options will be explored to enhance beneficial impacts to Indigenous Peoples through a meaningful and culturally sensitive consultation process.

## V. PROCEDURE FOR SUBPROJECT PLANNING

22. This section provides detailed procedures for screening, potential social impact assessment, and the formulation of IPP for the subproject and project components. In preparing IPP, the executing agency will pay special attention to the requirement that Indigenous Peoples are informed, consulted, and provided opportunities to participate in project planning, implementation, monitoring, and benefit sharing in a meaningful and culturally appropriate manner.

### A. Subproject Selection

23. Subprojects will be selected based on the fact that land will be managed by the farmer or farmer groups. The project will ensure that there is no land acquisition in any subproject location. The project has established selection criteria to assess subproject eligibility for project participation (see project administration manual Attachment D and E or Appendix 1 and 2 of IPPF).

24. **The partial grant program for orchard development** will be managed by CPMU or PIU, depending on the size of the subsidy to be provided. Partial grants for total orchard development investments per household up to NRs5 million will be managed by PIU and total orchard development investments per household greater than NRs5 million by CPMU. Subsidies greater than the equivalent of \$100,000 (SOE limit) shall require ADB's prior review and no objection. A Local Level Coordination Committee (LLCC) shall be established under the chairpersonship of the Chief Administrative Officer of the local government to be mainly responsible for preliminary screening of the proposals. The Subsidy Management Committee (SMC) will be responsible for final screening and approval of selected applications. Detailed selection criteria are provided in the PAM Attachment D and Appendix 1 of the IPPF.

25. **For all the matching grant schemes (including value chain infrastructure at cooperative level, Agri enterprise level for public-private partnership, and local-level as well as private nursery development),** the Competitive Grants Management Committee will screen all the subproject proposals against the eligibility criteria. Involuntary resettlement due diligence will be part of proposal screening selection criteria, requiring that agribusiness development plan proposals be supported by documented evidence of land ownership or land rights for its use for the required time frame as anticipated by the project. If a proposal triggers SPS category involuntary resettlement A or B, it will result in rejection by the Competitive Grants Management Committee. Details are provided in the PAM Attachment E and Appendix 2 of IPPF.

#### **B. Screening and subproject categorization**

26. Initial screening of a project components and potential impacts on Indigenous Peoples needs to be conducted to categorize the significance of impacts as well as to ascertain the resource requirements to address potential impacts. All 6 implementing agencies will be responsible for initial screening to assess likely impact on Indigenous Peoples. The implementing agency shall prepare a screening report and need to attach along with submission of proposal for SMC approval. In case there are any changes in the scope and design of the project or project component, a fresh screening of potential impacts needs to be conducted. The implementing agency will determine whether the affected community is an Indigenous Peoples community.

27. The implementing agency will consult with Municipality and farmers group; and hold meetings with social and Indigenous Peoples leaders and/or NGOs/community-based organizations representing the communities in the project.

28. The project or project component needs to be categorized according to the significance of impacts on Indigenous Peoples communities. The significance of project impacts can be determined by the type, location, scale, nature, and magnitude of potential impacts. Appendix 3 provides the checklist for screening of indigenous peoples/ethnic minorities impacts. The project or project component will be categorized into one of the following:

- (i) Category A: expected to have significant impacts on Indigenous Peoples/minorities that require IPP;
- (ii) Category B: expected to have limited impacts that require specific action for IP/minorities in resettlement plans and/or a social action plan; and
- (iii) Category C: not expected to have impacts on Indigenous Peoples/minorities and therefore do not require special provision for Indigenous Peoples.

29. The impact on Indigenous Peoples is considered as significant, if the project or project component positively or negatively: (i) affects their customary rights of use and access to land and natural resources; (ii) changes their socio-economic status and livelihoods; (iii) affects their

cultural and communal integrity; (iv) affects their health, education, sources of income and social security status; and/or (v) alters or undermines the recognition of indigenous knowledge. Category A project involving significant impact will not be eligible for project financing.

30. The screening will follow following steps:

- (i) Review subproject documents and demographic status of subproject area and prepare IP profile
- (ii) Conduct field visit of each project component/subproject under NAFHA and assess presence/absence of IPs in areas
- (iii) Assess likely impact using screening checklist then seek alternatives and adjustments to avoid impacts on IPs
- (iv) Explore alternative design considerations not to affect any particular sites and objects that are of religious and cultural significance to the IPs, if any.
- (v) Where alternative arrangements are not infeasible, pending in-depth studies and assessments, the project will make a preliminary assessment of the key impact areas, in view of any available knowledge/studies and reconnaissance of the project location and its vicinities.
- (vi) Where adverse impacts on IPs are unavoidable, the project will immediately undertake the necessary tasks to prepare an IPP. The most important in this respect is consultation with the IP communities; farmers groups/cooperatives, formal and informal IP organizations; civil society organizations like NGOs; and other entities, which are interested in and have knowledge of IP issues.

### **C. Preparation of an IPP/Due Diligence Report**

31. An IPP shall be prepared in case the project work components are found to affect indigenous peoples. In case of no impacts a due diligence report shall be prepared to confirm there is no impact on indigenous peoples. The following guidelines and steps will be followed in the IPP preparation process:

#### **a. Content of IPP**

32. The IPP will aim at mitigating the potential adverse impacts and reinforcing and promoting any existing and potential opportunities in these areas, with particular emphasis on the IPs who would be directly affected. The IPP will in general consist of the following and outline of IPP is in Appendix 4:

- An assessment of provisions in the country's constitution, legislations, and any other legal instruments (including the institutional framework), which are stipulated for the IPs in general, and those that would be used where they are adversely affected by actions sponsored by the government. In this context, examples of previous Asian Development Bank funded projects in Nepal that dealt with IP issues and lessons learnt would be beneficial to adopt for NAFHA.
- Delineation of a legal basis to deal with IP issues under NAFHA. This would be based on the country's legal provisions, if any, and safeguard policy of ADB (SPS 2009).
- Baseline data, including analysis of demographic, social, cultural and political characteristics; economic activities; land tenure; customary rights to common property resources (CPRs); relationship with the local mainstream peoples; etc.
- Strategy/framework for local participation, indicating timing of consultation and the participants who might provide valuable feedback and inputs.
- Mitigation measures and activities, which will generally follow IP preferences and priorities

and will be agreed between the IP communities and project executing agency (EA), MOALD.

- Appropriate grievance redressal mechanism, which will be conveniently accessible to the affected IP communities
- Institutional arrangements and capacity building will take into account funding of the chosen development activities, EA's staff experience, and IP and civil society organizations, in designing and implementing the IPP.
- IPP implementation schedule, taking into consideration least disruption to their livelihood activities.
- Monitoring and evaluation shall seek participation of IP representatives and organizations, as well as other civil society organizations, which may have been operating in these areas.
- Financing the IPP. Mitigation measures and development activities agreed between the IPs and the project execution agency will be adequately funded for full implementation.
- Disclosure arrangements for the IPPs.

#### **b. Content of Due Diligence Report**

- Provide brief introduction of the report
- Explain project background and information of subproject/component
- Scope of likely impact of subproject
- Explain findings from site observation and consultations
- Present assessment of likely impact and significance of impact
- Explain conclusion on subproject category and present recommendations if any
- Outline of due diligence report is in Appendix 5

### **VI. CONSULTATION AND PARTICIPATION STRATEGY**

33. As required for informed participation, EA (MOALD) will provide the IPs with all projects related information, including that on potential adverse impacts. To facilitate consultation with the project will,

- (i) Establish a framework/schedule for dialogue throughout project planning, implementation and evaluation processes.
- (ii) Consider culturally appropriate consultation methods to allow IPs to express their views and preferences freely.
- (iii) Consult indigenous peoples' organizations/ farmers groups - formal and informal, community elders/leaders and others, with adequate gender representation; and civil society organizations like NGOs/CBOs and persons and groups knowledgeable of IP issues.
- (iv) Prepare detailed documentation of these consultations and present the summary information in the IPP.

34. consultation with the IP communities is a continuing process. Consultation will be carried out throughout the project design and implementation period. Further to the project objectives and scope, consultation will concentrate on the impacts perceived by the IPs and the probable (and feasible) mitigation measures. The range of topics/areas will cover those that are suggested under 'Social Concerns and Risks' and any other areas the IPs consider to be important.

35. The CPMU in coordination with the PIUs will conduct consultations following stakeholder participation and communication strategy (RRP linked document 17) prepared for the project to inform key stakeholders in the project areas about the scope of the project and the application procedure to access project benefits. The strategy will pay special attention to ensure that



potential women farmers and farmers from disadvantaged groups are reached. Consultation timing, probable participants and methods, and expected outcomes are suggested in the matrix below (Table 4).

**Table 4: Indigenous Peoples' Consultation Plan**

Timing	Participants in Consultation		Consultation Method	Expected Outcome
	EA (MOALD)	IP Community		
Reconnaissance of locations of application proposals	EA, PIU Social and GESI focal person, NGOs/CBOs	IP organizations, community leaders/elders, key informants	Informal spot interviews, group discussions, visit of IP settlements & surroundings	A first-hand assessment of IPs' cultural & socio-economic characteristics, and potential social risks
Screening of proposals for inclusion in the project	EA, PIU Social and GESI focal person, NGOs/CBOs, Dist. Land Officials, NGOs/CBOs, Academics	IP organizations, Community leaders/elders, key informants	Open meetings, formal and informal interviews, focus-group discussions	More concrete view of impact issues and risks and feedback on possible alternatives /mitigation measures, Estimate of IPs who might be displaced from homesteads, inventory of CPRs.
Social Assessment	EA, PIU Social and GESI focal person, Consultant	Individual IPs/ households/ Farmer's group/ Cooperatives, SMEs	Structured survey questionnaire	An assessment of the nature and magnitude of impacts, leading to social assessment. Provide inputs for IPP
Proposal review, approval and designs	Consulting technicians/ PIU Social and GESI focal person	Farmer's organizations, Community leaders/elders of, adversely affected IPs	Consultation, hot spot discussion	Incorporation of social screening/assessment inputs into engineering design
Implementation	PIU, Consultants, Local Govt. & Provincial Administration	Individual IPs, IP organizations, community leaders/elders	Implementation monitoring committees	Quick resolution of issues, effective implementation of actions designed for IP benefit sharing
Monitoring & Evaluation	EA, ADB, Consultants, farmers group, cooperatives	IP organizations/ groups and individuals	Participation in review and monitoring	Identification of implementation issues, effectiveness of capacity development and benefit sharing program

## VII. INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENTS

36. The MOALD will be the executing agency of the project. The executing agency will be responsible for overall coordination, implementation, and monitoring of the project activity including safeguard compliance. There will be seven implementing agencies in the project. The implementing agency-1 or NCFD will function as the secretariat to the MOALD/EA and as the overall project's focal point to ADB, supported by the CPMU. In addition, the IA-1 will lead project implementation at the central level. The CPMU will take overall responsibility for environment and social safeguards by monitoring and ensuring compliance with ADB's SPS 2009, government requirements, and other related requirements in project documents particularly safeguards monitoring reports and tender document; address safeguards issues from affected people following the grievance redress mechanisms established in the project; consolidate project's safeguard monitoring results updated by PIUs, and provide consolidated input to the project progress and safeguard monitoring reports; and submit semi-annual environmental and social monitoring reports to ADB. Acting as the focal point, the CPMU will engage professional expertise to carry out the process tasks, especially those related to preparation like consultation with IPs and their organizations, and identifying appropriate mitigation strategies and measures, and

existing and potential development opportunities. In addition, the staff engaged for field works will be trained to deal with IPs in a way acceptable to the IPs socially and culturally.

37. There will be seven implementing agencies for the project at the province level. NCFD within the MOALD and offices of Ministry of Land Management, Agriculture and Cooperative (MOLMAC) will be implementing agencies. Each implementing agency will be led by Secretary, MOLMAC or MOLMACPA. A Project Implementation Unit (PIU) at the provincial level will be established within each of the respective MOLMACs /MOLMACPA. A PIU will support each provincial IA (i.e., IA 2-6) for implementing provincial level activities. The PIU will be led by the Senior Horticulture Officer as Project Manager who will serve as the provincial-level focal. The PIU will be responsible for identification and finalization of project activity including safeguard impact assessment. Each PIU will be supported by social safeguard specialists and community mobilizers to conduct safeguard impact screening, preparing due diligence report and/or indigenous peoples plan if needed. The PIU will also be responsible for implementation of actions designed in the project for equal access and capacity development activities to ensure equitable access to project benefits. The PIU shall monitor and ensure safeguards compliance with ADB's SPS 2009, government requirements, and other related requirements. The PIU will play an active role in addressing grievances related to project following the grievance redress mechanisms established in the project. It will facilitate public consultation with project beneficiaries, indigenous peoples and other stakeholders and consultation records at provincial level and local level. The PIU will maintain records of project activity, progress, and send reports on a quarterly basis including inputs to social monitoring reports to CPMU.

### **VIII. GRIEVANCE REDRESS MECHANISM**

38. A project-specific grievance redress mechanism (GRM) will be established to receive, evaluate, and facilitate resolution of affected persons' concerns, complaints, and grievances related to social, environmental, and other concerns on the project. Grievances may be channelled through letters, emails, text messages (SMS), verbal narration, grievance box and registers. The GRM will aim to provide a time-bound and transparent mechanism to resolve such concerns.

39. The PMU will establish and maintain a grievance redress mechanism (GRM) to support the social and environmental safeguards of the project. The GRM will receive, evaluate, and facilitate the resolution of impacted people's feedback, including concerns, complaints, and grievances about the social and environmental performance at the level of the Project. The GRM aims to provide a time-bound and transparent mechanism to voice suggestions and appreciations and to resolve social and environmental concerns linked to the project. The project specific GRM is not intended to bypass the government's own redress process, rather it is intended to address stakeholders' concerns and complaints promptly, making it readily accessible to all segments of the community, and is scaled to the risks and impacts of the project. Complainant may access the formal legal system at any time. The GRM shall aim to ensure:

- (i) The basic rights and interests of every person affected by poor environmental or social performance of the project are protected;
- (ii) Concerns arising from the poor environmental or social performance of the project during the conduct of pre-construction, construction and operation activities are effectively and timely addressed; and
- (iii) There is zero tolerance on Sexual Harassment, exploitation, and abuse (SHEA) during all stage of the project.

40. GRM is proposed to be simple, transparent, and responsive. GRM will address only the concerns arising due to the project implementation activities. At the CPMU, a centralized control and monitoring system will be established to provide adequate platform for the GRM, and address issues of all the relevant stakeholders of the project (i.e., farmers, local community, contractors, and other members in the value chain). The GRM will ensure that all grievances of all stakeholders, including from women and disadvantaged groups, are addressed within a time-bound and effective manner. The GRM will include service standards and an implementation modality by assigning Grievance Redressal Officer (GRO) at each PIU, and IAs to handle specific matters related to public grievances / complaints flagged to their respective offices.

41. The GRM will establish multiple channels by which grievances can be received by the CPMU. These can be broadly classified as – online-services (e.g., Toll-Free Helpline for verbal complaint registration via phone and via the Project web-platform, email) and offline/manual (e.g., mail and drop boxes which are located at all ward and municipality offices in project site, all 6 PIUs and CPMU). For all grievances submitted through online mode, PMU will review for sensitivity and confidentiality, before such complaints will be channelled to the GRO at the PIU and IA levels. All grievances submitted manually at drop box and mailed should be channelled through social safeguard specialist and GESI specialists and must be recorded by them into the GRM online system. In the processing of all grievances, GRO, PIUs, and IAs will follow best practices such as adoption of necessary procedures including acknowledging all grievances and complaints and assigning a central tracking number or ID for all grievances alongside basic service standards for the response. GRM will also cover handling of unresolved grievances and complaints through a process of escalation. The unresolved grievances will be transmitted to the next higher level – to CPMU and then ADB. The CPMU will aggregate all grievances to a single consolidated database to monitor the performance of PIUs and IAs and generate aggregate statistics on performance to be publicly disclosed on the project's web-platform. Awareness of grievance redress procedures will be created through the public awareness campaign, with the help of print and electronic media and radio. Redress through the GRM does not impede access to the country's judicial or administrative remedies.

42. To ensure the GRM is in line with the SPS, the GRM will be culturally appropriate and gender responsive, equipped to receive and facilitate resolution of the Indigenous Peoples' concerns. This will be supported through: (i) membership of the indigenous peoples or their representative at the first tier GRM at field/village level; (ii) availability of the GRM form in local/indigenous dialect; (iii) installation of grievance box at all project locations; (iv) and installation of project billboard in the villages with grievance focal person's contact details and procedure on how to file a complaint, including in local or indigenous dialect. The GRM and its objective and functioning will be explained and shared during the initial project information dissemination to all community people, as part of stakeholder communication strategy, which will be continued to be disseminated in the form of public service announcement (PSA) through local radio/FM stations during all phases of the project (Year 1-7).

43. During project preparation, information regarding the GRM will be disclosed as part of the public consultation process. Feedbacks related to the implementation of the project will be acknowledged, evaluated, and responded to the complainant with corrective action proposed. The outcome shall also form part of the semi-annual monitoring report that will be submitted to ADB.

## **Principles**

44. **Based on Stakeholder Rights.** Project stakeholders are those likely to be directly or

indirectly affected, positively or negatively, by project activities. Stakeholders have the following rights under the project:

- (i) Right to information;
- (ii) Right against inappropriate intervention by an outside party;
- (iii) Right to a project free of fraud and corruption.

45. **Open and Inclusive.** Any stakeholders (including villagers, contractors, project staff, authorities, and other involved parties) may file a feedback and/or a grievance if s/he believes his/her rights, or if any of the project's principles and procedures, has been violated. Anyone may give comments or suggestions about any aspect of the project. Comments, suggestions, appreciation, or questions should be recorded and submitted to the feedback handling focal points at community, district, and state level.

46. **Transparency.** Information about the GRM, including contact details, will be distributed to all participating communities, at public meetings, through brochures/pamphlets in local languages, posted at ward/municipality boards and, to the extent possible, advertised on local radio and FM stations.

47. **Accessibility.** Different channels can be used for filing feedback, including by letter (using locked mailboxes and drop boxes with signboards in each project community), by phone (toll free hotline), email, social media, project website. Community members and stakeholders themselves decide on the best ways to file complaints.

48. **Free.** There is no charge for filing an inquiry and/or a feedback.

49. **Anonymity, Confidentiality, and Security.** All feedback, and especially grievances, are treated confidentially. Feedback is disclosed publicly, but the identity of the feedback giver is treated as confidential and is withheld unless they self-identify. Feedback focal points, and members of FHCs violating this confidentiality are subject to sanctions. All feedback collected via drop box and mail must be opened and recorded by either the GESI specialist/social safeguard specialist with support from feedback handling focal persons at each level (ward/municipality, PIUs & CPMUs).

50. **Quick Action.** A grievance is answered within 15 days of the time the feedback is received. Grievances should be resolved within 60 days of receipt.

51. **Subsidiarity.** Any feedback and grievances are addressed and resolved locally, and at the lowest level, if possible. If a grievance cannot be resolved locally, it is sent to a higher level, within 15 days of receipt.

52. **Objective and Independent.** The grievance focal point assigned to handle feedback or resolve a grievance interviews the person who filed the feedback or grievance, documents the actions taken at the location where the complaint originated, and discloses the response or the resolution taken for the case. Serious feedback and grievances, including any allegations related to the misuse of funds, must be reported to the province-level FHC immediately. Designated PMU staff enter agreed feedback action in the project management information system (MIS), and when and by whom action to resolve any grievance was taken. The province-level feedback committee reviews the feedback MIS data monthly.

## Process

53. A FHM will be established with the formation of Grievance Redress Committees (GRC) at three levels: i.e., ward/municipality level, province level and CPMU level.
54. The ward/municipality/community level GRC will comprise of the:
- (i) Deputy Mayor/Deputy Chairperson of RM/Municipality<sup>5</sup>
  - (ii) Ward chairperson from the concerned ward
  - (iii) Dalit representative of the local municipal executive committee
  - (iv) Selected representative from the affected community
  - (v) Chief of agriculture unit of the local level
  - (vi) PIU GESI focal person
55. The Province level GRC will comprise of the:
- (i) Secretary of MOLMAC/PA and NCFD (PIU)
  - (ii) Representative of Ministry of Social Development
  - (iii) PIU GESI Specialist (PIU Feedback handling focal point)
  - (iv) A representative from local NGOs or a local person of repute and standing in the Society or an elected representative.
  - (v) A selected representative from the affected community.
56. The CPMU level GRC will comprise of the:
- (i) Secretary, MOALD
  - (ii) Project Director, NCFD
  - (iii) Undersecretary, IECCD-MOF
  - (iv) Representative, MOFAGA
  - (v) CPMU Environmental Officer
  - (vi) CPMU Social Safeguards Officer
  - (vii) CPMU GESI Specialist
57. All people involved in project implementation will be trained in how to receive and handle feedback, and how to keep it confidential.
58. The grievance handling process will involve five steps: (1) intake; (2) sorting; (3) verification; (4) action; and (5) follow-up and monitoring.
59. **Step 1: Intake.** A grievance can be filed by anyone, and through different means:
- (i) Verbal communication to a ward/municipality feedback focal point, and/or designated and trained block or district DOH and DIPH feedback handling officers
  - (ii) Using a feedback envelope and the suggestion box placed at each ward/municipality meeting place/office. The elected ward/municipality feedback handling focal person open the feedback box at least every week and send the report to GESI focal person. Each box is equipped with two locks, with one key each held by the ward/municipality
  - (iii) Feedback handling officers and with GESI specialist/focal person respectively. Feedback/grievance envelopes from the box must be opened in front of at least two people – e.g., ward/municipality grievance redress officers and Secretaries/ PIU GESI specialists / FP
  - (iv) Letters to the MOALD at federal and MOLMAC at province level, ward and municipality offices, and the CPMU at province level
  - (v) At meetings and monitoring visits
  - (vi) E-mails to dedicated e-mail addresses of the MOALD, MOLMAC and the CPMU and PUIs;

- (vii) A dedicated phone line for CPMU and PIUs

60. On each province and municipality government website they must conduct "social accountability" that enables a citizen to lodge a complaint through the feedback form under contact section. A dedicated section for grievance handling on project website, also linked to MOALD, MOLMAC and ADB sites. Feedback or complaints can be sent at any time to any level (e.g., a grievance can be directed to the ward/municipality, province and central level). If a grievance is related to a community, the complaint is encouraged to report to the province level. If a grievance is related province, it is suggested to report to the CPMU level.

61. At the community level, the elected ward/municipality feedback handling focal persons are the regular primary contact for anyone who wishes to file a feedback/grievance. If an individual prefers, feedback or grievances can be sent to GESI staffs involved in the project implementation, such as PIU GESI focal person/ specialists or CPMU social safeguard/ GESI specialist.

62. Any staff receiving grievances must complete the project grievance form and submit it without delay to the assigned province feedback handling focal point.

63. At the federal level MOALD, MOF or CPMU staff receiving grievances must complete the project grievance form and submit it without delay to the grievance-handling officer of the PMU.

64. **Step 2: Sorting.** The CPMU Monitoring and Evaluation (M&E) officer will maintain feedback recording system in the project Management Information System (MIS). Feedback will be divided into eight categories:

- (i) Category 1: General inquiries
- (ii) Category 2: Feedback regarding violations of policies, guidelines and procedures
- (iii) Category 3: Feedback regarding contract violations/breach of contract
- (iv) Category 4: Feedback regarding the misuse of project funds
- (v) Category 5: Feedback regarding abuse of power/intervention
- (vi) Category 6: complaints against Sexual harassment, exploitation and abuse
- (vii) Category 7: Reports on force majeure
- (viii) Category 8: Suggestion
- (ix) Category 9: Appreciation

65. The CPMU Social Safeguards specialist will be responsible for categorizing feedback received at the federal level and entering it into the project MIS. The municipality level feedback focal points will categorize feedback received at the ward/municipality level and any feedback referred upwards by ward/municipality chairpersons and enter it into the project MIS. Feedback received at ward/municipality level that can be managed locally will be maintained in ward/municipality records and periodically entered into the MIS by the PMU M&E team.

66. Once a grievance has been received, the relevant feedback handling focal points decide how to handle it, including the timeframe within which the case should be resolved, with a timeframe not exceeding 60 days. Feedback relating to:

- (i) a community issue will be handled by the ward/municipality chairpersons. To the extent possible, community feedback/complaints should be addressed at the ward/municipality GRC level, however, the community FHC chairpersons can refer grievances upward to the province GRC;
- (ii) a block issue will be handled by the district feedback focal points;
- (iii) a province issue will be handled by PIU feedback focal point; and
- (iv) Grievances that are of a serious nature (e.g., all allegations of fraud or corruption,

and potentially any grievance in categories 2 through 5), the province feedback focal point consult with the CPMU feedback focal point for advice on the appropriate action.

If the person filing the grievance is known, the relevant feedback focal point communicates the timeframe and course of action to the complainant within one week of receipt of the grievance

67. **Step 3: Verification.** The responsible feedback focal point(s) handling the grievance gather facts and clarify information to generate a clear picture of the circumstances surrounding the grievance. At community level, ward/municipality chairpersons, deputy chairpersons or secretaries will assist their respective focal points to verify grievances. Verification normally includes site visits, a review of documents, a meeting with the complainant (if known and willing to engage), ward/municipality Committee members, and meetings with those who could resolve the issue (including formal and informal community leaders). Feedback related to the misuse of funds may also require meetings with suppliers and contractors and will need to be posted in municipality sites as part of their social accountability process and public hearing/audit.

68. For serious grievances received at the federal level by phone or letter, the CPMU GRC decides whether (i) to launch its own investigation; or (ii) instruct the province and municipal/ward feedback focal points to conduct an initial investigation at the location where the grievance/problem occurred. If the district-level feedback focal points cannot resolve the grievance, it will, within 15 days, be reported back to the CPMU GRC for further action.

69. Within the allotted period, the results of the verification are presented by the respective feedback focal points to the respective GRCs (dependent on the nature of the complaint) for action.

70. At federal and province level, the respective grievance handler fills in the grievance form and submits it to the CPMU M&E officer who enters it into the project MIS.

71. **Step 4: Action.** Feedback from the community level should be handled and recorded in the wards, if possible. For issues that cannot be resolved within 21 days at the community level, the municipality GRC's review these grievances and the results of the verification and determine the action to be taken. If referred to province level, once the needed action(s) are carried out, the province grievance handler fills in a grievance report and enters it into the MIS. 32. If the actions cannot be carried out, or the grievance cannot be satisfactorily resolved in a reasonable period of time (less than 30 days), the province GRC refers the matter back to the CPMU feedback focal point (Social Safeguards specialist) to review the case and determine the action to be taken.

72. If the complainant is known, the feedback focal point with whom the grievance was filed communicates the action to the complainant. The feedback focal point must seek feedback from the complainant as to whether the action(s) are deemed to be satisfactory. If the action is considered unsatisfactory, the complainant may file a new grievance. A new grievance on an existing case is handled at the next higher level from the initial case. The ward/municipality GRC communicates the action taken as a result of a grievance, to community people at the next ward/municipality meeting.

73. **Step 5: Follow-up and Monitoring.** In its regular supervision visits, the CPMU assess the functioning of the province and ward/municipality GRMs and undertakes spot checks. The CPMU uses the MIS to provide a monthly snapshot of the GRM (number and category of



comments received, and grievances/suggestions resolved), including any suggestions received and acted on.

74. The CPMU uses the MIS to report on grievances and FHM feedback in its quarterly implementation progress reports, safeguard monitoring reports, and its annual reports. Reports include information on grievance resolution and trends (number of grievances received, cause of grievance, number resolved, average time taken to resolve a grievance, percentage of individuals having filed a grievance who are satisfied with the action taken, number of grievances resolved at the lowest applicable level, etc.).

75. The CPMU and the ADB review grievance monitoring data as part of regular implementation support missions.<sup>39</sup> A review of the grievance handling system (including the grievance of those who have used it) is undertaken during every second year to assess the efficacy of the mechanism and introduce improvements.<sup>40</sup> The decision of the GRCs is binding, unless vacated by the court of law. The affected person, however, is free to access the country's legal system at any time and stage although the project GRM is the preferred route. The GRC will continue to function, for the benefit of the stakeholders, during the entire life of the project.<sup>41</sup> The affected people can also register their grievances on the Government website (province and municipality) under the social accountability section that enables a citizen to lodge a complaint. The project GRM would be supported through this existing government feedback mechanism. However, since these are general feedback sites, the feedback received for this project should be extracted and forwarded to the province GESI specialist for its update into the GRM MIS.

76. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make a good faith effort to solve their problems by working with the ADB operations department concerned. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.<sup>76</sup>

77. GRM will cover handling of unresolved grievances and complaints through a process of escalation. The unresolved grievances will be transmitted to the next higher level – ward/municipality level to Province level and further to CPMU level and then to ADB. The Central PMU will aggregate all grievances to a single consolidated database to monitor the performance of PIUs and IAs and generate aggregate statistics on performance to be publicly disclosed on the project's web-platform. Awareness of grievance redress procedures will be created through the public awareness campaign, with the help of print and electronic media and radio.

## **IX. CAPACITY BUILDING OF PROJECT AGENCIES AND IP COMMUNITIES**

78. Based on the capacity assessment, additional resources are identified and earmarked for CPMU and PIUs to effectively plan and implement indigenous peoples aspects. At central/CPMU level, such resources include inputs of a social safeguard specialist (14 person months). At province level, each of five provincial PIU will have a gender and social specialist (42 person months) and local community facilitator as required in municipal level. Further, any IPP prepared during implementation will identify any resource required for its implementation at each sub-project.

79. The CPMU and PIU staff will be trained on indigenous peoples impact assessment, safeguard planning, and implementation at the beginning. The training will focus on describing measures or activities that will strengthen the capacities of IP, IAs and staff in addressing IP concerns and implementation and monitoring of IPP and conduct of DDR. Social safeguard Specialist under CPMU will be responsible to design and implement the training at the beginning of the Project. While field level capacity development activities will be carried out by the social safeguard specialist hired at CPMU level, the PIU staff will have to supervise consultants' activities, ensure quality, and coordinate with stakeholders. ADB through capacity development resource center will also organize capacity development training on social safeguard aspects. Awareness and orientation sessions will be organized for farmers' groups and cooperatives participating in the project.

## **X. MONITORING AND REPORTING ARRANGEMENTS**

80. The CPMU will establish and maintain a systematic project performance management system (PPMS). The PPMS includes the provision of safeguard progress reporting through quarterly progress report. The CPMU supported by social safeguard specialist is responsible for social safeguards monitoring. The CPMU, on behalf of the executing and implementing agencies, will monitor compliance with safeguards covenants stipulated in the loan and grant agreement. ADB will monitor the compliance status through the executing agency's quarterly progress reports, communication with the CPMU and PIUs, and ADB review missions, and take necessary remedial measures for any non-compliance.

81. The PIU with support from gender and social specialist will regularly monitor activities related with indigenous people in different outputs, recommendation of DDR and enhancement and mitigation measures included in IPP (if any prepare during implementation). The PIUs will report progress, issues, and measures to address those on a quarterly basis to CPMU. The CPMU will consolidate information from all PIUs and prepare semiannual social monitoring report (SMR) and submit to ADB for review, clearance, and disclosure in a duration of each six month from effectiveness of the project. The PIUs will also disclose relevant information from SMR to relevant indigenous peoples promptly upon submission to ADB. The SMR details all social safeguards and due diligence implementation activities related and their implementation progress during project execution, and assessment whether intended outcome and objective of safeguards plan are achieved (template for SMR is in Appendix 6). The NRM safeguards Specialist from ADB will provide technical supervision and guidance to the CPMU safeguard Specialist.

82. The monitoring and reporting process will involve consultations with relevant organizations as well as feedback from stakeholders themselves, such as participating local governments, Agriculture Knowledge Centres (AKCs), farmers groups/ cooperatives, SMEs, community-based organizations, NGOs and the local level municipality. The CPMU will inform ADB if any unanticipated social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IPP/DDR promptly of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan.

## **XI. BUDGET AND FINANCING**

83. The executing agency will have the primary responsibility for arranging fund related to indigenous people safeguards. The budget shall cover human resources, survey costs, information dissemination, consultation and participation and grievance redress costs for IPP preparation, implementation, and monitoring.

84. As the impacts on IPs remain unknown, preparation of a detailed budget is not feasible at this stage. The CPMU with support from PIU and safeguard specialist will prepare a detailed itemized budget considering all the activities associated with the formulation and implementation of the IPP. A rough estimate for the safeguards is calculated and included as a part of overall project cost. The ministry of finance will be responsible for provision of counterpart funds to prepare and implement IPPs.

85. Government of Nepal's project approval process, which may include other ministries, will allow a provision to provide with funds to finance such activities that could not be budgeted at this stage of project preparation.

## Appendix 1: Partial Grants for Orchard Development (Scheme 2)

1. As detailed in the project description, the project will provide partial grants for establishing improved orchards and developing drip and non-drip irrigation systems (PAM sections 2.4, and 2.6 respectively). The draft Business Promotion Act which was reviewed by MOALD in August 2021 indicates that the maximum ceiling of subsidies for horticultural orchard development is 50%. The project aligns the subsidy level to this draft Act as requested by MOALD and sets the subsidy ceiling at 50% for farmers, farmer groups and cooperatives, and 40% for agro-entrepreneurs. Some provincial governments have a scheme with a higher subsidy level than 50% and if MOLMACs decide to follow their higher subsidy scheme, the differences will be financed by the provincial government.

2. The partial grant program for orchard development will be managed by CPMU or PIU, depending on the size of the subsidy to be provided. Partial grants for total orchard development investments per household up to NRs5 million will be managed by PIU and total orchard development investments per household greater than NRs5 million by CPMU. Subsidies greater than the equivalent of \$100,000 (SOE limit) shall require ADB's prior review and no objection.

**3. Local Level Coordination Committee.** A Local Level Coordination Committee (LLCC) shall be established under the chairpersonship of the Chief Administrative Officer of the local government. Members of the LLCC shall comprise representatives from the AKC, PIU, and the chief of the local government agriculture unit shall be the Member Secretary of the LLCC. The LLCC will be responsible for: (i) coordinating at the local level on the project's call for expression of interest; (ii) conducting preliminary screening of expression of interest (land suitability, water source, crop suitability, beneficiary commitment), and making a recommendation to the orchard development subsidy management committee at the PIU or CPMU level (depending on subsidy level); and (iii) supporting the PIU and CPMU in carrying out periodic monitoring of project implementation.

**4. Subsidy Management Committee.** At the CPMU level, the committee shall be chaired by the project director. Members will be the senior plant protection officer, senior horticulture officer, senior planning officer, national environment specialist, national gender specialist, national social safeguards specialist, with the national team leader as the member secretary. At the PIU level, the committee shall be chaired by the provincial project manager. Members will be the agriculture officer, AKC officer, agriculture extension officer, provincial gender specialist, provincial environment specialist with the provincial team leader as the member secretary.

5. The subsidy management committee shall be responsible for reviewing the applications for orchard development, including the drip/non-drip irrigation component, and approving LLCC's recommendations (in view of the overall crop production).

6. The beneficiary selection criteria/requirements are the following:

- 6.1. Farmers:** Members of existing registered farmer groups and cooperative:<sup>65</sup> groups and cooperatives will be required to have a minimum 30% female and 20% DAG membership and management board representation.
- 6.2. Owners of land** with appropriate soil classification and irrigation water availability and suitable transportation access;<sup>66</sup>
- 6.3. Have the interest to invest in at least 4 ropani of orchard;** Able to finance at least 20% of the investment cost up front, in cash as a part of the financing institution's collateral requirements or own contribution of the investment cost.
- 6.4. Small and medium enterprises:** Legally registered<sup>67</sup> agribusiness company.

- 6.5. **Individual entrepreneurs** (legally registered with personal account number)<sup>68</sup> with at least 5 employees in the agribusiness and located in the participating municipalities.
  - 6.6. **Enterprise and business applications** with higher levels of own contribution, that engage higher **numbers** of smallholders, women-headed households or ethnic people households from the project municipality as shareholders, provide greater local employment opportunities, and are climate-change responsive will be prioritized for project support; and
  - 6.7. **Demonstrated ability to cover the required operation and maintenance costs** of the proposed investment through the presentation of a business plan or equivalent.
7. The applicants will be required to provide the following documentation as appropriate to their form of organization: (i) copy of the land deed or lease agreement of the land on which the orchard will be established; (ii) business license/registration; (ii) charter of association for cooperatives; (iii) registration and statutes, if a group; (iv) if an agribusiness, the annual tax return report for previous year; and (v) bank account details and other associated documentation. Entities that are the subject of bankruptcy, criminal investigation, fraud or corruption or are in default of contractual agreements will be ineligible.
8. The beneficiary will not receive a subsidy payment: (i) for any expenditures made prior to the date of signature of the Agreement; (ii) if the beneficiary investment does not follow the agreed orchard establishment and management plan; (iii) for any amount more than 10% above the investment limit as detailed in the Agreement; (iv) land purchase; (v) items on ADB's Prohibited Investment Activities List; (vi) activities that do not comply with ADBs safeguard policy; and (vii) investments requiring an Environmental Impact Assessment (EIA).
9. Successful applicants will sign an Agreement committing them to establish and maintain the agreed orchard type and area for a period of not less than 10 years. The beneficiary will establish the orchard based on an agreed investment schedule and orchard establishment and management plan. The beneficiary is required to cover 20% of the orchard establishment cost in cash and will be assisted to negotiate a bank loan for the remaining portion of the orchard investment, repayable over 5 years. Upon completion of the orchard establishment, confirmed through an on-site inspection, the beneficiary will be paid a subsidy payment of 50% of the orchard establishment cost on eligible items against the submission of payment receipts. Where the beneficiary has received financing from a partner financial institution (FI), the subsidy payment will be made to the financing bank against loan repayment. The beneficiary will be responsible for all interest charges and principal remaining after the subsidy payment. However, subsidy payments to beneficiaries who have not taken out a loan from the partner FI will be made directly to the beneficiary's bank account.
10. The subsidy will be paid on a reimbursement basis based on a request duly signed by the beneficiary indicating the payment instructions and supported by the following documents: (i) a statement of expenditure duly signed, listing all expenditure items incurred and the related amounts; and (ii) supporting documentation for each expenditure item incurred, including invoices and receipts or other evidence of payment.

## Appendix 2: Matching Grant Programs for Value Chain Infrastructure and Nursery Development (Scheme 3, 4, 5 and 6)

1. The project will establish four competitive matching grant programs: (i) improved cooperative value addition grant (approximately \$7 million); (ii) public-private infrastructure grant (\$1.52 million); (iii) strengthened local level infrastructure grant (\$5.0 million); and (iv) private nursery upgrading (\$3.2 million). All grants will be payable on a reimbursement basis once the planned investment is completed/operational, subject to the submission of an appropriate audited utilization certificate.

- (i) Improved cooperative value addition (Scheme 3) under output 3. Cooperatives that have participated in the project-implemented cooperative development and capacity building program and are interested to invest in nut and fruit marketing/value addition (e.g., harvesting handling equipment, primary washing, sorting, grading machinery, packaging equipment, short-term storage, marketing) will be eligible to compete for financing from this fund, which will finance up to 50% of approved investment cost. Successful applicant cooperatives will be required to contribute at least 30% in cash or credit and up to 20% in kind. Any grant will not exceed \$100,000.
- (ii) Public-private infrastructure (Scheme 4) under output 3. Agribusinesses and service providers interested to collaborate with cooperatives in nut and fruit value addition and market development will be eligible to compete for financing under this fund, which will finance up to 40% of approved investment cost. Successful applicants would be required to finance the balance of the investment through own financing, with not more than 25% financed in kind. The project will make available \$2.0 million for this activity. Grants will be capped at \$200,000 each. Eligible applicants will be enterprises registered for at least 3 years and having at least 2 years business experience related to their grant application (see below for further requirements). Where the grant applicant has foreign investors as shareholders, the foreign ownership shall not be more than 33%. Successful applicants would be required to enter into formal contractual relations with the participating cooperatives if awarded a grant.
- (iii) Strengthened local level infrastructure (Scheme 5) under output 3. The project will support local-level applications for grants for up to 50% of the value of market-linked infrastructure investments that provide public good benefits essential to targeted nut and fruit value chain engagement and/or climate change adaptation at the local level. The project will make available \$6.0 million for this activity (\$5.5 million for works and \$0.5million for design and construction supervision), and grants will be capped at \$150,000 each and the provincial or local governments would be required to cover the remaining 50% of any investment cost through its own budgetary resources. The project will fully finance the cost of the preparation of engineering designs and bill of quantity estimates for grant-financed infrastructure and the supervision of its construction.
- (iv) Private nursery upgrading (Scheme 6) under output 1. Up to 40 competitively selected orchards will be eligible for matching grants for investments that upgrade the quality and quantity of their seedling production. Matching grants could finance, *inter alia*, the purchase of mother plants and disease-free rootstock, the installation of insect proof shade houses, drip irrigation systems, the expansion and upgrading of seedling growth areas, etc. Matching grant financing of up to 50% of the investment cost would not exceed \$50,000 per nursery. Private laboratory development could apply for a separate application. Successful

applicants would be required to pay the remaining 50% of the cost of eligible investments including at least 30% in cash or credit and up to 20% in kind.

2. Legal entities under the Nepal Companies Act, registered co-operatives and associations, and individuals (with more than five employees), all with relevant experience and registered for taxation purposes, will be eligible to apply for grant financing under the relevant grant category.

3. The NAFHA project will form a Competitive Grants Management Committee (CGMC) to manage the grants program under Output 1 and 3. The team will be chaired by the Deputy Project Director and include the National Consultant Team Leader, the PMU Account and Planning Officers and the five Provincial Project Managers.<sup>69</sup> The Committee will draw support from other cross-cutting thematic expertise within the PMU. The Planning officer will be the Committee secretary. The Committee will: (i) approve the invitations to bid for grants; (ii) coordinate the process of preliminary screening and field verification of expressions of interest; (iii) coordinate the process of analysis of investment options and business plan development facilitation<sup>70</sup>; (iv) recommend to the Project Manager for approval (or rejection) of any grant application; and (v) receive and review grant implementation progress reports and make recommendations to beneficiaries and project staff as required.

4. Grant investment proposals can be solicited through a formal public call or informally by using Agriculture Knowledge Centers (AKCs), local administrations, business networks, provincial line agencies, or the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) or their provincial sub-groups. The investment proposal may be accepted at any time of the year.

#### **Financial management arrangements**

5. As part of the CGMC due diligence process the following financial management related eligibility criteria/documents will be required/scrutinized:

- (i) Legally registered entity (Certificate of registration and extract from Registrar);
- (ii) Annual Tax Return Report (1 year);
- (iii) Memorandum and Articles of Association;
- (iv) Audited books of Accounts (agribusinesses);
- (v) Should not have any significant audit observations (agribusiness);
- (vi) Permission for the CGMC to collect information from trade partners; and
- (vii) Demonstrated ability to cover the required O&M cost of the assets to be created under the subproject.

6. None of the above entities shall be eligible for support under the following circumstances:

- (i) having gone bankrupt or being liquidated; having its operations managed by courts; signing agreements with creditors, having its operational activities suspended; being subject to procedures concerning these matters or being in a condition due to a similar situation as per national laws or arrangements;
- (ii) being sentenced for offences related to their own business which cannot be appealed;
- (iii) being convicted of gross abuse related to a business matter which can be confirmed by the CGMC;
- (iv) non-performing obligations related to the payment of social security contributions or tax payments in accordance with the legal provisions in Nepal;
- (v) being subject to an adjudication due to being involved in fraud, corruption, a criminal organization, or other illegal activity which cannot be appealed

7. In-kind contribution may include: equipment, vehicles, buildings and other capital goods and/or raw materials for processing that are available at the time of the grant application. The in-kind contribution must be supported by appropriated documentation stating its value. The documentation must be based on market evaluation undertaken by an independent authorized entity. The PMU would reserve the right to have the assets independently valued.

8. The project would not accept the following costs or assets, neither as the beneficiaries' contribution nor, as expenditures eligible for reimbursement:

- (i) leasing of equipment, land and facilities;
- (ii) working capital;
- (iii) bank charges, cost of guarantees and similar charges;
- (iv) value of intellectual property rights;
- (v) study tours;
- (vi) value of previously existing inventory used for the production of related goods and/or services;
- (vii) general costs involved of an investment subproject proposal development/design (architects', engineers', consultants' and general legal fees, costs of feasibility studies for preparing the Detailed Investment Proposal and costs for acquisition of patents and licenses, etc.);
- (viii) business activities banned by ADB due to negative social or environmental impact and activities deemed illegal by Government of Nepal or ADB.

9. Competitive selection. Applications that meet the due diligence requirements will be evaluated by the MGMC for their competitiveness based on, *inter alia*: (i) the technical quality of the application and projected return on investment; (ii) applicant experience in the proposed field of investment; (iii) the application's inclusiveness, including the potential impact on low income communities and benefit sharing mechanisms; (iv) perceived innovativeness and sustainability of the application; (v) the applicants' willingness to co-invest, with higher own contributions being more favorably evaluated, as will be women headed enterprise applications. Additionally, the selected proposals should meet the following criteria: (i) no involuntary resettlement occurs; (ii) no significant negative environmental impact that will trigger environmental safeguards<sup>71</sup>; and (iii) no adverse impact on indigenous people.

10. Approval. Subject to a satisfactory due diligence and an assessment of the grant's competitiveness, the grant application submitted by the beneficiary organization, if successful, can be approved by the project MGMC. Subsequently, the NCFD/MOLMAC will enter into a grant agreement with the beneficiary organization. The grant agreement will clearly specify the financial management and audit requirements as well as disbursement conditions and triggers. All grants will be paid only upon the completion of the agreed investment by the beneficiary. If additional financing is required, the PMU or one of its contracted agents will enable linkage between the beneficiary and project-supported financial institutions.

11. Grant agreement. The agreement between the NAFHA project and the grant recipient shall specify: (i) the duration of the grant; (ii) the amount of grant and amount and nature of the recipient contribution; (iii) the schedule and arrangements for grant payment upon applicant's submission of receipts for approved expenses (**grants will be disbursed upon investment completion**); (iv) the rights and responsibilities of grantor and recipient; (v) procedures for handling conflict of interests; (vi) conditions relating to the effectiveness and termination of the contract; (vii) the method of dispute resolution; and (viii) force majeure and final dispositions conditions.



### Appendix 3: Indigenous Peoples Impact Screening Checklist

Date:

<b>KEY CONCERNS</b> (Please provide elaborations on the Remarks column)	YES	NO	NOT KNOWN	Remarks
<b>A. Indigenous Peoples Identification</b>				
1. Are there socio-cultural groups present in or use the project area who may be considered as "tribes" (hill tribes, scheduled tribes, tribal peoples), "minorities" (ethnic or national minorities), or "indigenous communities" in the project area?				
2. Are there national or local laws or policies as well as anthropological researches/studies that consider these groups present in or using the project area as belonging to "ethnic minorities", scheduled tribes, tribal peoples, national minorities, or cultural communities?				
3. Do such groups self-identify as being part of a distinct social and cultural group?				
4. Do such groups maintain collective attachments to distinct habitats or ancestral territories and/or to the natural resources in these habitats and territories?				
5. Do such groups maintain cultural, economic, social, and political institutions distinct from the dominant society and culture?				
6. Do such groups speak a distinct language or dialect?				
7. Has such groups been historically, socially, and economically marginalized, disempowered, excluded, and/or discriminated against?				
8. Are such groups represented as "Indigenous Peoples" or as "ethnic minorities" or "scheduled tribes" or "tribal populations" in any formal decision-making bodies at the national or local levels?				
<b>B. Identification of Potential Impacts</b>				
9. Will the project directly or indirectly benefit or target Indigenous Peoples?				
10. Will the Project directly or indirectly affect Indigenous Peoples' traditional socio-cultural and belief practices? (e.g. child-rearing, health, education, arts, and governance)				
11. Will the Project affect the livelihood systems of Indigenous Peoples? (e.g., food production system, natural resource management, crafts and trade, employment status)				
12. Will the Project be in an area (land or territory) occupied, owned, or used by Indigenous Peoples, and/or claimed as ancestral domain?				
<b>C. Identification of Special Requirements</b>				
<i>Will the project activities include:</i>				
13. Commercial development of the cultural resources and knowledge of Indigenous Peoples?				
14. Physical displacement from traditional or customary lands?				

<b>KEY CONCERNS</b> (Please provide elaborations on the Remarks column)	<b>YES</b>	<b>NO</b>	<b>NOT KNOWN</b>	<b>Remarks</b>
15. Commercial development of natural resources (such as minerals, hydrocarbons, forests, water, hunting or fishing grounds) within customary lands under use that would impact the livelihoods or the cultural, ceremonial, spiritual uses that define the identity and community of Indigenous Peoples?				
16. Establishing legal recognition of rights to lands and territories that are traditionally owned or customarily used, occupied or claimed by indigenous peoples ?				
17. Acquisition of lands that are traditionally owned or customarily used, occupied or claimed by indigenous peoples?				

**D. Anticipated project impacts on Indigenous Peoples**

<b>Project component/ activity/ output</b>	<b>Anticipated positive effect</b>	<b>Anticipated negative effect</b>

Note: The project team may attach additional information on the project, as necessary.

## **Appendix 4: Outline of Indigenous Peoples Plan**

### **A. Executive Summary of the Indigenous Peoples Plan**

This section concisely describes the critical facts, significant findings, and recommended actions.

### **B. Description of the Project**

This section provides a general description of the project; discusses project components and activities that may bring impacts on Indigenous Peoples; and identify project area.

### **C. Social Impact Assessment**

This section:

(i) reviews the legal and institutional framework applicable to Indigenous Peoples in project context.

(ii) provides baseline information on the demographic, social, cultural, and political characteristics of the affected Indigenous Peoples communities; the land and territories that they have traditionally owned or customarily used or occupied; and the natural resources on which they depend.

(iii) identifies key project stakeholders and elaborate a culturally appropriate and gender-sensitive process for meaningful consultation with Indigenous Peoples at each stage of project preparation and implementation, taking the review and baseline information into account.

(iv) assesses, based on meaningful consultation with the affected Indigenous Peoples communities, the potential adverse and positive effects of the project. Critical to the determination of potential adverse impacts is a gender-sensitive analysis of the relative vulnerability of, and risks to, the affected Indigenous Peoples communities given their particular circumstances and close ties to land and natural resources, as well as their lack of access to opportunities relative to those available to other social groups in the communities, regions, or national societies in which they live.

(v) includes a gender-sensitive assessment of the affected Indigenous Peoples' perceptions about the project and its impact on their social, economic, and cultural status.

(vi) identifies and recommends, based on meaningful consultation with the affected Indigenous Peoples communities, the measures necessary to avoid adverse effects or, if such measures are not possible, identifies measures to minimize, mitigate, and/or compensate for such effects and to ensure that the Indigenous Peoples receive culturally appropriate benefits under the project.

### **D. Information Disclosure, Consultation and Participation**

This section:

(i) describes the information disclosure, consultation and participation process with the affected Indigenous Peoples communities that was carried out during project preparation;

(ii) summarizes their comments on the results of the social impact assessment and identifies concerns raised during consultation and how these have been addressed in project design;

(iii) in the case of project activities requiring broad community support, documents the process and outcome of consultations with affected Indigenous Peoples communities and any agreement

resulting from such consultations for the project activities and safeguard measures addressing the impacts of such activities;

(iv) describes consultation and participation mechanisms to be used during implementation to ensure Indigenous Peoples participation during implementation; and

(v) confirms disclosure of the draft and final IPP to the affected Indigenous Peoples communities.

### **E. Beneficial Measures**

This section specifies the measures to ensure that the Indigenous Peoples receive social and economic benefits that are culturally appropriate, and gender responsive.

### **F. Mitigative Measures**

This section specifies the measures to avoid adverse impacts on Indigenous Peoples; and where the avoidance is impossible, specifies the measures to minimize, mitigate and compensate for identified unavoidable adverse impacts for each affected Indigenous Peoples groups.

### **G. Capacity Building**

This section provides measures to strengthen the social, legal, and technical capabilities of (a) government institutions to address Indigenous Peoples issues in the project area; and (b) Indigenous Peoples organizations in the project area to enable them to represent the affected Indigenous Peoples more effectively.

### **H. Grievance Redress Mechanism**

This section describes the procedures to redress grievances by affected Indigenous Peoples communities. It also explains how the procedures are accessible to Indigenous Peoples and culturally appropriate and gender sensitive.

### **I. Monitoring, Reporting and Evaluation**

This section describes the mechanisms and benchmarks appropriate to the project for monitoring and evaluating the implementation of the IPP. It also specifies arrangements for participation of affected Indigenous Peoples in the preparation and validation of monitoring, and evaluation reports.

## **Appendix 5: Outline of Indigenous Peoples Due Diligence Report**

### **A. Executive Summary of the Due Diligence Report**

This section concisely describes the critical facts, significant findings, and recommended actions.

### **B. Description of the Project**

This section provides a general description of the project; discusses project components and activities that may bring impacts on Indigenous Peoples; and identify project area.

### **C. Scope of likely impact**

This section:

(i) identifies key project stakeholders and elaborate a culturally appropriate and gender-sensitive process for meaningful consultation with Indigenous Peoples.

(iv) assesses potential adverse and positive effects of the project in relation to farming practice, traditional knowledge, technology, indigenous peoples tie to land and natural resources and impact due to participation in orchard development or other project activities.

(v) includes a gender-sensitive assessment of the affected Indigenous Peoples' perceptions about the project and its impact on their social, economic, and cultural status.

(vi) identifies and recommends, based on meaningful consultation with the affected Indigenous Peoples communities, the measures necessary to avoid adverse effects or, if such measures are not possible, identifies measures to minimize, mitigate, and/or compensate for such effects and to ensure that the Indigenous Peoples receive culturally appropriate benefits under the project.

### **D. Findings from Site Observation**

This section describes findings from field observations, field surveys, and consultation and presents conclusion whether IP safeguards triggers or not.

### **E. Assessment of likely impact and significance of impact**

This section describes the level significance of impact and determines the subproject category based on the SPS IP project categorization system.

### **F. Conclusion and Recommendations**

This section specifies conclusion of due diligence study, eligibility of financing, and presents future recommended actions.

Appendix 6: Outline of Social Monitoring Report

{Environmental and/or Social} Monitoring Report

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# {Annual/Semestral/Quarterly} Report  
{Month Year}

{Short Country Name}: {Project Title-Subproject}

Prepared by {complete and accurate name of implementing agency or external monitoring agency} for the {complete name of the borrower} and the Asian Development Bank.

## CURRENCY EQUIVALENTS

(as of {Day Month Year})

{The date of the currency equivalents must be within 2 months from the date on the cover.}

Currency unit	–	{currency name in lowercase (Symbol)}
{Symbol} 1.00	=	\${ }
\$1.00	=	{Symbol_____}

## ABBREVIATIONS

{AAA}	–	{spell out (capitalize only proper names)}
{BBB}	–	{spell out}
{CCC}	–	{spell out}

## {WEIGHTS AND MEASURES}

{symbol 1 (full name 1)}	–	{Definition 1}
{symbol 2 (full name 2)}	–	{Definition 2}
{symbol 3 (full name 3)}	–	{Definition 3}

## {GLOSSARY}

{Term 1}	–	{Definition 1}
{Term 2}	–	{Definition 2}
{Term 3}	–	{Definition 3}

## NOTE{S}

The fiscal year (FY) of the Government of {name of borrower} {and its agencies} ends on {day month}. FY before a calendar year denotes the year in which the fiscal year ends, e.g., FY2011 ends on {day month} 2011. {Note: If FYs are not referred to within the text, delete the entire note and change NOTES to NOTE.}

In this report, "\$" refers to US dollars. {Note: If a second \$ currency is referred to in the text, e.g., NZ\$ or S\$, add: unless otherwise stated. In the text, use "\$" for US dollars and the appropriate modifier, e.g., NZ\$ or S\$, for other currencies that use the "\$" symbol.}

This {environmental and/or social} monitoring report is a document of the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff, and may be preliminary in nature.

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

The level of detail and comprehensiveness of a monitoring report is commensurate with the complexity and significance of social and environmental impacts. A safeguard monitoring report may include the following elements:

1. Background/context of the monitoring report (adequate information on the project, including physical progress of project activities, scope of monitoring report, reporting period, and the monitoring requirements including frequency of submission as agreed upon);
2. Changes in project scope and adjusted safeguard measures, if applicable;
3. Qualitative and quantitative monitoring data;
4. Monitoring parameters/indicators and methods based on the monitoring plan/program previously agreed upon with ADB;
5. Monitoring results compared against previously established benchmarks and compliance status (e.g., national environmental emission and ambient standards and/or standards set out in the WB's EHS guidelines; timeliness and adequacy of environmental mitigation measures; IR compensation rates and timeliness of payments, adequacy and timeliness of IR rehabilitation measures including serviced housing sites, house reconstruction, livelihood support measures, and training; budget for implementing EMP, RP, or IPP, timeliness and adequacy of capacity building, etc.);
6. Monitoring results compared against the objectives of safeguards or desired outcomes documented (e.g. IR impacts avoided or minimized; livelihood restored or enhanced; IP's identity, human right, livelihood systems and cultural uniqueness fully respected; IP not suffer adverse impacts, environmental impacts avoided or minimized, etc.);
7. If noncompliance or any major gaps identified, include a corrective action plan;
8. Records on disclosure of monitoring information to affected communities;
9. Identification of key issues, or complaints from affected people, or recommendations for improvement;
10. Monitoring adjustment measures recommended based on monitoring experience/trends and stakeholders response;
11. Information about actual institutional arrangement for implementing the monitoring program/plan provided or adjusted, as may be required;
12. Proposed items of focus for the next report and due date.



## **Appendix 7: Guideline for collecting social concerns and risks on IP community**

Baseline data and identification of social concerns and risks will primarily focus on the cultural and socio-economic characteristics and the potential vulnerability that would be caused on IPs. Data on the following socioeconomic issues is expected to indicate the extent of adverse impacts and provide inputs for the IPP.

### ***Cultural Characteristics:***

- Relationships with areas where they live -- relating to religious/cultural affinity with the ancestral lands, existence of traditional opportunities for livelihood, etc.
- Interactions and relationships with other indigenous peoples' groups in the same and other areas.
- Presence of customary social and political organizations - characteristics indicating internal organization and cohesion of the communities, and their interaction with those of the non-indigenous population.
- Presence of indigenous peoples' organizations, like NGOs, working with IP development issues, and their relationships with mainstream organizations engaged in community development activities.
- Identification of cultural aspects that are likely to be made vulnerable because of various value addition activities.

### ***Settlement Pattern:***

- The extent to which the indigenous settlements are physically separated from those of the non-indigenous peoples, indicating interactions and mutual tolerance between the groups.
- Characteristics indicating physical organization of homesteads, farmland and the existing community facilities, such as schools, water supply, etc.
- Present distance between the settlements and accessibility.

### ***Economic Characteristics:***

- Prevailing land tenure -- indicating legal ownership and other arrangements that allow them to reside in and/or cultivate the lands in their areas.
- Access to CPRs -- prevailing conditions under which they may have been using natural resources like forests, water bodies, and other resources that are considered important sources of livelihood.
- Occupational structure -- indicating relative importance of household's present economic activities, and the extent to which they might be affected or benefited because of the project.
- Level of market participation -- engagement in activities that produce marketable goods and services, and how and to what extent market participation would be affected or enhanced.