

Resettlement Framework

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NEP: South Asia Subregional Economic Cooperation (SASEC) Power System Expansion Project (SPEP)

- Mini-Grid Renewable Energy

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ABBREVIATIONS

ADB	–	Asian Development Bank
AEPC	–	Alternative Energy Promotion Centre
APs	–	Affected Persons
CBO	–	Community Based Organisation
CDO	–	Chief District Officer
CFC	–	Compensation Fixation Committee
CM	–	Community Mobilizer
CUGs	–	Community User Groups
DDC	–	District Development Committee
EA	–	Executing Agency
ESSMU		Environment and Social Safeguard Management Unit
FGDs	–	Focused Group Discussions
GESI	–	Gender Empowerment and Social Inclusion
GoN	–	Government of Nepal
GRC	–	Grievance Redressal Committee
GRM	–	Grievance Redress Mechanism
KIIs	–	Key-informant Interviews
kW	–	kilowatt
LRA	–	Land Reform Act
LRO	–	Land Revenue Office
MMHP	–	Mini-micro hydropower project
MoSTE	–	Ministry of Science, Technology, and Environment
NRREP		National Rural and Renewable Energy Programme
PHC	–	Public Hearing Committee
PM	–	Project Manager
RF	–	Resettlement Framework
RP	–	Resettlement Plans
RSCs	–	Regional Service Centres
SIA	–	Social Impact Assessment
SPEP	--	South Asia Subregional Economic Cooperation (SASEC) Power System Expansion Project (SPEP)
SPFGs	–	Subproject Functional Groups
SPS	–	Safeguard Policy Statement
SWHS	–	Solar Wind Hybrid System
VDC	–	Village Development Committee
Wp	–	Watt Peak

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I. INTRODUCTION

A. Scope and Objective of Resettlement Framework

1. The Resettlement Framework (RF) has been prepared for the proposed Project, "South Asia Subregional Economic Cooperation (SASEC) Power System Expansion Project (SPEP)". The framework will be applicable to Mini-grid based renewable energy systems in off-grid areas for Alternative Energy Promotion Centre (AEPC) which includes installation of up to 4.3 MW of aggregated mini hydro-electric power plants and up to 0.5 MW of aggregated mini-grid based solar or solar/wind hybrid systems, in selected rural communities. This component is being structured in a sector approach where small scale subprojects will be added after the board approval. Five sample subprojects have been assessed for which due diligence was done. Future subprojects will be addressed as per this RF. It may be noted that this RF is not a conventional RF which guides preparation of future voluntary land donation plans/ due diligence reports and their implementation. The basic objective and principle of AEPC upon which subprojects are to be selected is on voluntary land donations. There will be no involuntary resettlement as land will be donated by people and community. Therefore, this is a concise Resettlement Framework which outlines how projects will be selected; how will the subprojects be screened; what would be the oversight mechanism to ensure that donations are, in fact, voluntary; that no one, particularly the poor and vulnerable, will face major impacts such as physical displacement or loss of 10% or more of their land without adequate compensation. It is also essential that the EA is responsible for ensuring re-issued titles are provided in a timely manner and at no cost.

II. SCOPE OF VOLUNTARY LAND DONATION

A. Overview

2. The project is not expected to have impact of involuntary resettlement under any component. However, the Mini-micro hydropower project (MMHP) and Solar Wind Hybrid System (SWHS) components may involve certain cases of voluntary land donation for construction of the power houses and transmission lines respectively. When there is a need of voluntary land donation for MHEP and SWHS, Community User Groups (CUGs) and/or Subproject Functional Groups (SPFGs) are responsible for identifying, handing over access (negotiated land donations), and/or making available the required land to the EA with the endorsement of the Village Development Committee (VDC) or relevant government institution. AEPC, the EA, is responsible for coordinating all aspects of the transactions with the support of Regional Service Centres (RSCs). Therefore, the communities will organize themselves to establish CUGs to implement and manage each subproject in coordination and with support from the EA and/or RSCs. CUGs will be established as per the Guideline for Community User Groups (see **Appendix I**). When there are more than two CUGs and the subproject is relatively larger for CUGs to manage, a SPFG will be formed representing all CUGs.

B. Land Donation by Components of the Project (MMHP)

3. It is obvious that the MMHP subprojects need a small portion of land for the sand flushing channel, headrace channel, and powerhouse (about 1 Rupani for a 200 kW

powerhouse). In this case, CUGs have more responsibility (The role of CUGs is defined in Appendix I: Guidelines for Community User Groups) when dealing with the land owner/s to get the required acreage if it is a private owned land. Therefore, CUGs should pursue the following steps of possessing the land for the subproject. They are:

- (i) Discuss the matter in a CUG meeting where that the owner/s represents the meeting and (get the agreement for) agree upon voluntary land donation.
- (ii) Decide the fee waiver from the subproject equity fund and other facilities (give priority for land donors in employment opportunities in the subproject) that apply for the land owner who agreed to donate the land.
- (iii) Sign the negotiated land transfer consent form (Appendix II) by both parties (owner and CUG or SPFG).
- (iv) Get registered it in the District Office through the Land Revenue Officer (LRO).
- (v) The CUG should bear the land transfer cost as a part of land registration.

4. There is no requirement of getting large plot of land for powerhouse (about 1 Rupani). In addition, small strips of land from several land plots belongs to private owners will be utilized to develop the water channel from river to powerhouse. As observed, the owners are ready to donate required portion of the land on voluntary basis. If there is any dispute or discrepancy on land utilization, EA will not select the particular location as one of its subprojects.

C. Land Donation by Components of the Project (SWHS)

5. A plot of land (about 0.5 Rupani) is essential to establish the solar panels and/or wind mill in all selected subprojects under SWHS. In addition, there is a requirement of land and space for transmission lines. As highlighted under the component I, the CUGs have more responsibility to arrange land and space if there is a need of use private land for the subproject. If it is the case, all options describe under component I are also applicable for components II.

6. It is therefore, noted that in most of the cases, land will mostly be donated by the people where there may not be a need for payment of compensation and assistance as ADB's Safeguard Requirement-2 (SR-2) related to involuntary resettlement is not triggered. People shall not be forced to donate their land and in that case, good practice would seek to ensure that vulnerable individuals are not being forced to donate excessive land or disproportionately to others benefit. The EA will prepare a thorough documentation highlighting the process of land donation or negotiated settlement and a due diligence shall be prepared which shall further be verified by third party entity. In case, voluntary land donation or negotiation fails, then the EA has to not select such subproject.

. II. OBJECTIVES, POLICY FRAMEWORK AND ENTITLEMENTS

A. General

7. The RF reflects the principles and procedures found in the national legal enactments and policies in Nepal related to social safeguards that need to be addressed

in the sector approach SPEP and ADB's Safeguard Policy Statement (SPS-2009) requirements. The Land Revenue (land administration and revenue) Act, (1978) applicable for carrying out land administration including maintenance and updating records, collection of land revenue and settlement of the disputes after completion of survey and handing over of the records to Land Revenue Officer (LRO) by the Survey Parties. It authorizes the LRO to registration, ownership transfer and deed transfer of land. This Act also authorizes the LRO to transfer ownership and deeds of individual land, if any person applied for the ownership transfer of his/or land with mutual understanding for public use with recommendation of relevant committee .

8. The Ministry of Environment has formulated the Rural Energy Policy for Nepal and GoN approved it in 2006. It is a fact that there are different topographical and socioeconomic reasons against the rapid expansion of the national grid in Nepal. Therefore, the GoN has developed a conducive atmosphere through this policy to motivate government institutions, private sector, energy user groups, and non-governmental organisations' cooperation and active participation in developing clean and renewable energy sources that can be used in rural areas. The overall goal of this policy is to contribute rural poverty reduction and environmental conservation by ensuring access to clean, reliable and appropriate energy in the rural areas. The policy enables AEPC to coordinate whole efforts of clean and renewable energy promotion in Nepal. Therefore, AEPC has the power and the authority to implement this project (SPEP) as the EA.

B. ADB's Safeguard Policy Statement

9. The objectives of ADB's Safeguard Policy Statement (SPS, 2009) with regard to involuntary resettlement are: (i) To avoid involuntary resettlement wherever possible; (ii) To minimize involuntary resettlement by exploring project and design alternatives; (iii) To enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-project levels; and (iv) to improve the standards of living of the displaced poor and other vulnerable groups.

(1). Voluntary Donation or Negotiated Settlement

10. Voluntary donation of land usually involves the contribution by individuals of land for a project that has community benefits. In the case of voluntary land donation, eminent domain or other powers of the state should not be involved in the acquisition. Therefore, voluntary land donation is not within the scope of the Safeguard Policy Statement (SPS). However, the project team should exercise judgment in such cases and conduct due diligence to avoid adverse impacts on affected persons and possible reputational risks to ADB. The team should (i) verify that the donation is in fact voluntary, using verbal and written records and confirmation through an independent third party such as a designated nongovernmental organization or legal authority; and (ii) ensure that voluntary donations do not severely affect the living standards of affected persons and benefit them directly. As a good practice, an ADB project team may consider including appropriate loan or grant conditions. Voluntary land donation is only possible if a project is not location-specific that can be built somewhere else if the landowners object.

11. As per ADB's SPS, 2009, Safeguard Requirement- 2 (SR-2) does not apply to negotiated settlements, unless expropriation would result upon the failure of negotiations. Negotiated settlements help avoid expropriation and eliminate the need to use governmental authority to remove people forcibly. The borrower/client is encouraged to obtain land and other assets through a negotiated settlement wherever possible, based on meaningful consultation with affected persons, including those without legal title to assets. A negotiated settlement will offer adequate and fair price for land and/or other assets. The borrower/client will ensure that any negotiations with displaced persons openly address the risks of asymmetry of information and bargaining power of the parties involved in such transactions. For this purpose, the borrower/client will engage an independent external party to document the negotiation and settlement processes. The borrower/client will agree with ADB on consultation processes, policies, and laws that are applicable to such transactions; third-party validation; mechanisms for calculating the replacement costs of land and other assets affected; and record-keeping requirements. Therefore, subprojects requiring land through donation or negotiated settlement will not follow SR-2 and the same will not be triggered.

C. Subproject Selection and Screening

1. Subproject Selection

12. Subprojects will be selected based on the fact that land will be mutually donated by the people. AEPC will ensure that there is no land acquisition in any subproject location. However, if in case, there will be negotiated land donation through CUGs under the direct observation of AEPC. In case of land donation, The EA should ensure that none of the donors will become severely affected or will be forced to donate their lands. Physical displacement shall be avoided. AEPC and LRO have to perform this process. If there are such cases, an agreement should be signed between the land owner and CUG. A sample agreement is attached under **Appendix II**. This agreement should be attested by the concerned VDC chairman and then submit to LRO and application with the agreement for the transfer the registration to AEPC. The negotiated land donation may require for MMHP and SWHS subprojects.

2. Screening Exercise (Social Survey)

13. A Social impact assessment (SIA) survey will be undertaken in the subproject area to determine the magnitude of impact and prospective losses, identify vulnerable groups, ascertain losses other than land donation such as temporary impacts, severity of impacts by the donors etc. Details on the land donors will be collected and their asset verification survey needs to be done to assess the loss of other assets other than land.

D. Entitlement and Assistance

14. It is a fact that there are no involuntary resettlement and land acquisition in most of the cases in the project. Voluntary land donations will be arranged through the negotiated land transfer consent form and registration under the Land Revenue Office (LRO) of the district. These arrangements come under the general legislative procedures. As indicated above, there are no involuntary resettlement and land acquisition cases identified in any of sample subproject concerned in this RP. However,

there are few voluntary land donations that will arrange through the negotiated land transfer consent form (**Appendix-II**) registration under the LRO of the district. There will be Fee waiver for the CUG equity fund on the basis of land value for donated portion of land and land value will be decided by CUG and/or SPFG with the support of EA representative (RSC).

15. All fees, taxes and other charges as applicable under relevant laws and regulations will be borne by the EA. An agreement will be made between donors and CUGs as indicated in Appendix II. Temporary impacts during construction such as damage to adjacent parcel of land due to movement of machinery and plant sites for contractors will be compensated through contractor where contractor will negotiate a contract agreement on a rental rate with the owner or user of the land that will be temporarily acquired. Project and the contractor to ensure that persons other than the owner affected as a result of temporary acquisition are also compensated for the temporary period. Land should be returned to the owner at the end of temporary acquisition period after fully restoring it to its original condition or improved as agreed with the donors. Vulnerable donors will be given preference in temporary employment in the project construction work with special attention to donors living below poverty line, by the project constructor as far as possible or other facilities such as opportunity for training and capacity development programs of the project and priority for employment opportunities of the subproject will be given. Furthermore, CUGs and/or SPFGs are the owners of these subprojects and they are getting tariff that collected from each households. Therefore, they can develop their own fund using their equity and it can be used for further development in their respective VDCs.

16. Donors identified under voluntary land donation, will be provided with an advance notice prior to possession being taken of the land/properties. The EA will provide satisfactory evidence to ADB that voluntary land donation and provision of assistance stated in the entitlement matrix are fully completed before commencing the civil works. Each donor whose income or livelihood is severely affected by a subproject will be assisted to improve or at least to restore it to pre-project level. Income restoration schemes will be designed in consultation with donors and considering their resource base and existing skills. It should be addressed in the voluntary land donation plan/ due diligence report of concerned subproject with a financial allocation for the implementation of income restoration program. The measures for income restoration will be as indicated in the Entitlement Matrix. Entitlement Matrix is described in Table 01.

Table 01: Entitlement Matrix

Type of Loss	Scope	Who is entitled	Entitlement	Responsible for the Delivery of the Entitlement	Comments
A. Loss of Land					
Loss of Private Land by land owners	Land donation for a subproject-related activity	Land owners	<p>Fee waiver for the CUG equity fund on the basis of land value for donated portion of land and land value will be decided by CUG and/or SPFG with the support of EA representative (RSC). Or</p> <p>Other facilities such as opportunity for training and capacity development programs of the project and priority for employment opportunities of the subproject.</p> <p>All fees, taxes and other charges as applicable under relevant laws and regulations</p>	AEPC and or representative and CUGs.	An agreement will be made between AP and CUGs as indicated in Appendix II.
B. Temporary Impacts on Land					
Temporary impacts during construction such as damage to adjacent parcel of land due to movement of machinery and plant sites for contractors	Temporarily land use by the project contractors	<p>Person(s) with land ownership records or those with other user rights; subject to verification</p> <p>Tenants</p> <p>Community</p>	<p>Contractor to negotiate a contract agreement on a rental rate with the owner or user of the land that will be temporarily acquired.</p> <p>Project and the contractor to ensure that persons other than the owner affected as a result of temporary acquisition are also compensated for the temporary period.</p> <p>Land should be returned to the owner at the end of temporary acquisition period after fully restoring it to its original condition or improved as agreed with the AP.</p>	Contractors to compensate for temporary acquisition of land.	An agreement will be made between AP and CUGs certified by EA.
C. Additional Support to Vulnerable					
Additional assistance to vulnerable groups	Household income affected as a result of project	Households categorized as vulnerable namely Women-headed	Fee waiver for the CUG equity fund on the basis of land value for donated portion of land and land value will be decided by CUG and/or SPFG with the support of EA representative	AEPC and or representative and CUGs	An agreement will be made between AP and CUGs certified by EA.

Type of Loss	Scope	Who is entitled	Entitlement	Responsible for the Delivery of the Entitlement	Comments
	construction	households: disable or elderly person: ethnic/ occupational caste people: DPs who live under official poverty line	(RSC). Or Temporary employment in the project construction work to APs, with special attention to APs living below poverty line, by the project constructor as far as possible. Or Other facilities such as opportunity for training and capacity development programs of the project and priority for employment opportunities of the subproject.		
D. Loss of Common Property Resources					
Loss of cultural and community structures/facilities	Common property resources such as monasteries, temples, religious tree, and community land and/or graveyards affected by the Project.	Affected community/ Institution responsible for the administration of the property	Replacement or restoration of the affected community facilities (including temples, shrines, public water stand posts, etc.) in consultation with the affected community. Or Project Assistance to move the structure to a new location	AEPC and or representative and CUGs. Or Replacement/ restoration of structure/facility by the contractor	An agreement will be made between VDC Secretary and CUGs certified by EA.
E. OTHER UNANTICIPATED IMPACTS					
Unanticipated adverse impacts due to project intervention or associated activity.	The EA will deal with any unanticipated impact of the project during and after project implementation, based on the spirit of the principles agreed upon in RF				

IV. CONSULTATION, INFORMATION DISCLOSURE

17. Meaningful consultations will be undertaken with all stakeholders to share project benefits and to seek their involvement in the project. Meaningful consultation is a process that: (i) begins early in the project preparation stage and is carried out on an ongoing basis throughout the project cycle; (ii) provides timely disclosure of relevant and adequate information that is understandable and readily accessible to affected people; (iii) is undertaken in an atmosphere free of intimidation or coercion; (iv) is gender inclusive and responsive, and tailored to the needs of disadvantaged and vulnerable groups; and (v) enables the incorporation of all relevant views of affected people and other stakeholders into decision making, such as project design, mitigation measures, the sharing of development benefits and opportunities, and implementation issues. Consultation will be carried out in a manner commensurate with the impacts on affected communities such as (i) Heads and members of households who are likely to be affected by the project, (ii) Vulnerable households, (iii), Affected women, (iv) VDC, DDC, elected representatives, (v) community leaders (vi) representatives of community-based organizations, (vii) CBOs and NGOs and (viii) Government agencies and departments.

18. Copies of the approved RF and other reports such as due diligence report and monitoring report will be made available in Nepali language at accessible locations to donors. The draft and final RF and reports will be disclosed on ADB's (and Government website - AEPC) and will make available to donors; information dissemination and consultation will continue throughout the project implementation. Dissemination of information will be done by the RSCs through Community Mobilizers (CMs) deploy in each subproject. The RSCs are Non-governmental organizations identify and select by EA on regional basis. EA is planned to establish 10 RSCs to cover on regional basis.

19. At the initial stage, the RSCs and CMs will be responsible for informing potential affected persons and the general public about the project and voluntary land donation and resettlement-related requirements through leaflets or other reliable communication means. In the meantime, CM of the subproject will conduct consultations, and will disseminate information to all APs in order to create awareness of the project among them. Basic information such as location, entitlements, and project and voluntary land donation plans implementation schedules will be provided to all donors. Such information will enable stakeholders to contribute to the resettlement decision-making process prior to the award of civil work contracts. All the comments made by the donors will be documented in the project records by the CM and will be summarized in the project monitoring reports.

V. GRIEVANCE REDRESS MECHANISM

20. A grievance redress mechanism (GRM) will be established to receive and facilitate the resolution of APs' concerns, complaints, and grievances on negotiated/voluntary land donation, relocation, income restoration, environmental

management and other construction and operation related issues. Where possible, one GRM will be established for environment and social safeguard related grievances. The GRM is willing to be proactive and accessible to all donors to address their concerns grievances and issues effectively and swiftly, in accordance with ADB SPS. As highlighted in the Community User Group Guidelines (GUGGs) (for details see Appendix I) RSC will inform about the GRM during the first step of community mobilization. The GRM is based on five consecutive levels of action aimed at resolving issues as soon as possible and within a set time frame, as described below.

A. First Level of GRM

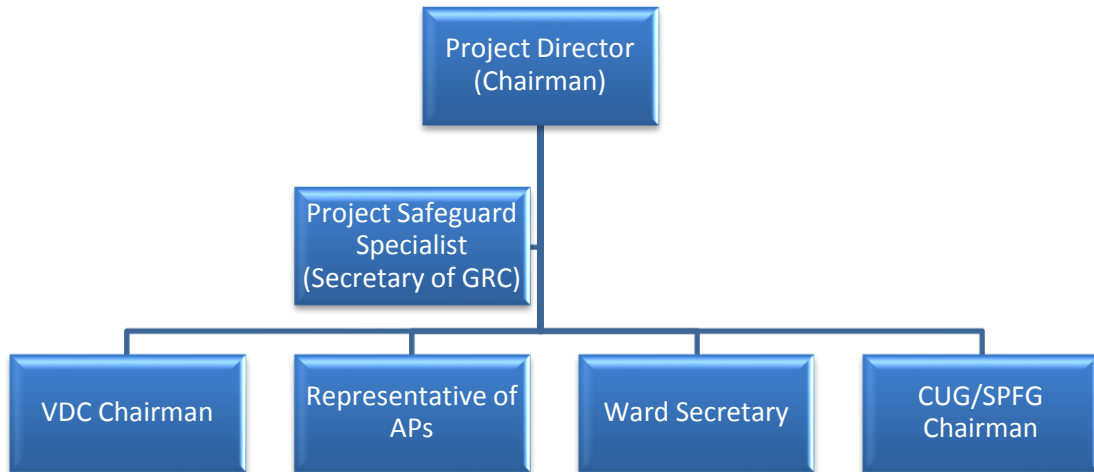
21. The VDC level will be the first level of intervention to address grievances and complaints. Many grievances can be resolved by providing correct and complete information early in the subproject development process. The RSC representing the EA/PM or Project Management Unit (PMU) will deploy CM to listen and provide information to APs and resolve their issues. The CM may seek the assistance of the project safeguards specialists to help resolve the issue. The CM will keep records of the: (i) the name of person (s) , (ii) date of the received complaint, (iii) nature of the complaint, (iv) location, and (v) how the complaint was resolved (if resolved). These reports will be submitted to the EA and to the project safeguard specialist on a monthly basis.

B. Second Level of GRM

22. If the grievance remains unresolved the CM will forward the complaint to the EA/PM and project safeguard specialist. The person (filing the grievance) will be notified by the CM that his/her grievance was forwarded to the EA/PM and project safeguard unit. Grievances will be resolved through consultation and interaction with donors with support of CUGs/SPFG. The EA will answer queries and find resolution for grievances regarding various issues including social, or livelihood impacts and environmental impacts. The project safeguard specialist will undertake the corrective measure/s in the field within seven days of the decision. The project safeguard specialist will fully document the following information: (i) the name of person/s, (ii) date of the received complaint, (iii) nature of the complaint, (iv) location, and (v) how the complaint was resolved (if resolved).

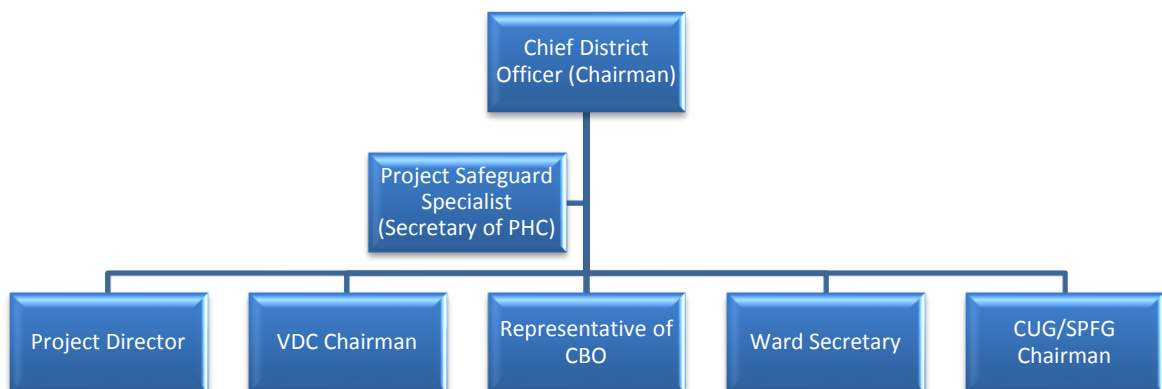
C. Third Level of GRM

23. The grievance remains unresolved, it will be referred to Grievance Redressal Committee (GRC). The GRC will be headed by the PM, with other members made up of the chairman of the subproject VDC, Ward Secretary, representative of APs and Chairman of CUGs/SPFGs. The affected person will be given the opportunity to present his/her concerns/issues at the GRC. The GRC will meet when necessary, with all costs of each hearing borne by the project. The GRC will suggest corrective measures at the field level and issues directions that these measures are implemented within 15 days. The project safeguard specialist will work as secretary of the GRC and will be responsible for processing and placing all papers before the GRC, recording decisions, issuing minutes of the meetings, and taking follow-up action to see that formal orders are issued and the decisions are carried out. The structure of VDC level GRC is illustrated below:



D. Fourth Level of GRM

24. If the above process fails to adequately resolve the concern/grievance to satisfactory of the donors, the donors can seek DDC intervention to resolve the issue requesting the GRC Secretary to forward the matter to the DDC level PHC. The PHC will be represented by the CDO (Chairman of PHC), PM of EA, Project Social Safeguard Specialist (Secretary of PHC), concerned VDC Chairman, concerned Ward Secretary, concerned CUG Chairman, and a member of the CBO. The donor can present his or her concerns/issues at the PHC. All cost of the hearing will be borne by the project. The PHC will meet when necessary. The PHC will suggest corrective measures at the field level and issues directions that should implement the directions within 30 days of the decision taken. The project safeguard specialist will work as the secretary of the PHC and will be responsible for processing and placing all papers before the PHC, recording decisions, issuing minutes of the meetings, and taking follow-up action to see that formal orders are issued and the decisions are carried out. The structure of the district level PHC illustrated below.



25. If all of the above resolution methods have failed, the donor can seek legal redress through Nepal's judicial or appropriate administrative system. Donors shall have the right to seek the help of country's legal system during any time of grievance which shall be independent of the GRM as prescribed in the RF.

VI. INSTITUTIONAL ARRANGEMENTS AND CAPACITY DEVELOPMENT

A. Institutional Arrangements

26. The AEPC will be the EA and IA, which will establish a special arrangement for the project and will be headed by a Project Manager (PM). The AEPC will have a dedicated Environment and Social Safeguard Management Unit (ESSMU) to handle social and environment safeguard issues related to SPEP. The project social safeguard specialist will be responsible for coordination and implementation of tasks related to land donation and other activities related to grievance redress, consultations and monitoring etc.. The PM will manage the activities of the ESSMU and undertake evaluation of the progress. The EA will recruit RSCs for each sample subproject to deal with all safeguard issues related to environment and social aspects. The subproject CM who works under RSC will manage all social mobilization activities with CUGs at the subproject location. In addition, CMs will disseminate necessary information for the needy people at each subproject location. Therefore, ESSMU will also work closely with RSCs and CMs at subproject level.

B. Capacity Development

27. Capacity development is focused on all project staff at AEPC and CUGs/SPFGs of all subprojects. The goal of capacity development program is to perform smooth function of project social safeguards requirements and establish a satisfactory participation of CUGs/SPFGs in subproject activities while ensuring project sustainability. This component should be amalgamated with GESI program. The EA will ensure the availability of sufficient funds as project specific cost. The capacity development requirement based on each target groups can be further described as follows:

1. AEPC Project Staff

28. The project staff can be further divided into two categories. They are; AEPC senior officers, regional and district coordination officers. AEPC senior officer category includes senior engineer, senior planning officer, senior administrative officer, senior socio economist, senior training officer, senior energy officers, project director, and project social safeguard officer. The district coordination officers and other selected junior officers who are working at AEPC head office represent second category. The areas need to focus in the capacity development program can be summarized as follows in Table-02:

Table 02: Focused Areas in the Capacity Development Program for AEPC Senior Officers and District Coordinating Officers

Category	Areas Needs to Focus	Delivery Mechanism	Responsibility
AEPC Senior Officers	National social safeguard measures: environment, involuntary resettlement, indigenous peoples, land acquisition, voluntary land donation, Guideline for Community User Groups, etc. ADB Safeguard Policy Statement: environment, involuntary resettlement, indigenous peoples, information disclosure, grievances redress mechanism, gender empowerment and social inclusion, poverty reduction, etc.	Workshops, interactive group discussions and field explorative visit to subproject/s	ADB International Consultants in social safeguard and environment safeguard. The Project Social Safeguard Specialist will play a major role in organizing the workshop.
RSCs and District Energy Coordination officers and other selected Junior Officers from AEPC	National social safeguard measures: environment, involuntary resettlement, indigenous peoples, land acquisition, voluntary land donation, Guideline for Community User Groups, etc. ADB Financial Modalities, SPEP, Safeguard Policy Statement: environment, involuntary resettlement, indigenous peoples, information disclosure, grievances redress mechanism, gender empowerment and social inclusion, poverty reduction, etc.	Workshops, group works and presentations, field explorative visit to subproject/s	ADB International Consultants in social safeguard and environment safeguard. The Project Social Safeguard Specialist will play a major role in organizing the workshop.

2. Community User Groups and Subproject Functional Groups

29. The utmost attention in the capacity development program should be given to the community based leadership. It will help to keep and maintain the subproject sustainability. It is recommended to select at least two members from each CUG and/or SPFG. Apart from these selected groups DDC and VDC chairman and/or secretary of concerned subproject area/s should be invited. These members are only in MMHP and SWHS subprojects. The areas need to focus in the capacity development program for CUGs/SPFGs can be summarized as follows in Table-03:

Table 03: Focused Areas in the Capacity Development Program for CUGs/SPFGs

Category	Areas Needs to Focus	Delivery Mechanism	Responsibility
CUGs, SPFGs, DDC, and VDC Officer/s	National social safeguard measures: environment, involuntary resettlement, indigenous people, land acquisition, voluntary land donation, Guideline for Community User Groups, etc. SPEP, Safeguard Policy Statement: environment, involuntary resettlement, indigenous peoples, information disclosure, grievances redress mechanism, subproject input, output and outcome, subproject sustainability, gender empowerment and social inclusion, poverty reduction, etc.	Workshops, interactive group discussions and field explorative visit to subproject/s	ADB National Consultants in social safeguard and environment safeguard. ADB International Consultants will play an observational role on the Project Social Safeguard Specialist's role and the capacity to organize these workshops. It is only for few selected workshops.

VII. BUDGET AND FUND FLOW MECHANISM

30. Detailed budget estimates for RP will be prepared by EA, which will be included in the overall Project budget. The budget shall include: (i) detailed costs of voluntary land donation, transfer, and livelihood and income restoration and improvement; (ii) source of funding for voluntary land donation, transfer, community share; (iii) administrative, including staff training; (iv) capacity development programs; (v) GRM/GRC administrative costs, and (vi) monitoring and reporting costs. All voluntary land donation, transfer, and resettlement costs will be borne by the Government or CUGs and provided in a timely manner to ensure payment of all entitlements prior to displacement. AEPC will keep budgetary provision to meet the cost related to social safeguard activities. Though, the land will be donated, however, cost may be required for other activities such as Legal charges of voluntary land donation including documentation, Transfer/registration cost, Grievances Redress and Administrative Cost etc.

VIII. MONITORING AND REPORTING

31. Monitoring of a development project implemented with certain goals and objectives in general, needs to assess the output, effects and impact of the strategies. Therefore, monitoring is a major part of the resettlement management system to ensure its goals and objectives are adequately met. The social safeguard implementation will be monitored internally. The safeguards staff within the ESSMU will monitor implementation of social issues related to each subprojects with support of CMs and RSCs. The project social safeguard specialist of ESSMU will prepare quarterly progress reports and submit them to the PM. The PM/EA will prepare six monthly monitoring reports and submit to ADB. These reports will describe the progress of the implementation of land donation issues and compliance issues, if any and corrective actions taken to address them.. Sample monitoring indicators are in **Appendix -III**.

Appendix I: Guidelines for Community User Groups

**Community User Groups
Guidelines**

South Asia Subregional Economic Cooperation (SASEC) Power System Expansion
Project (**SPEP**)
(Scaling Up Renewable Energy Project)

Prepared by Alternative Energy Promotion Centre,
Ministry of Science, Technology and Environment for the
Asian Development Bank

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ABBREVIATIONS

AEPC	- Alternative Energy Promote Centre
CM	- Community Mobilizer
CUGGs	- Community User Groups Guidelines
CUGs	- Community User Groups
DDC	- District Development Committee
EA	- Executing Agency
FFG	- Forestry Functional Group
FG	- Functional Group
GESI	- Gender Empowerment and Social Inclusion
GoN	- Government of Nepal
IPPF	- Indigenous People Planning Framework
IPPs	- Indigenous People Plans
MH	- Micro-Hydro
MMHP	- Mini-micro hydropower project
MoSTE	- Ministry of Science, Technology and Environment
NGO	- Non-governmental Organization
NRREP	- National Rural and Renewable Energy Program
RCS	- Regional Service Centre
REDP	- Rural Energy Development Program
RF	- Resettlement Framework
RP	- Resettlement Plans
SPFGs	- Subproject Functional Groups
SPEP	- South Asia Subregional Economic Cooperation (SASEC) Power System Expansion Project
SREP	- Scaling up Renewable Energy Project
SWHS	- Solar and/or wind hybrid system
VDC	- Village Development Community

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CHAPTER I: INTRODUCTION

1.1 General Introduction

The Community User Groups (CUGs) are the grass-roots organizations formed to promote and develop linkages with Alternative Energy Promote Centre (AEPC) and other government entities to achieve renewable energy sources for the community. Asian Development Bank (ADB) supported project, which is South Asia Subregional Economic Cooperation (SASEC) Power System Expansion Project (SPEP) plan to address the rural energy requirements in several districts in Nepal and the CUGs are the entity that function at subproject locations. In terms of proper function, management, and keeping sustainability of the subproject, the CUGs should be a well-established community organization and these guidelines help them to maintain the expected output and outcome of the subproject goals.

When focused into AEPC projects, programs and activities, it has found that they have such guideline prepared at much broader level for Rural Energy Development Program (REDP). However, SPEP and its subprojects are small in size and the level of input and such subproject may not address all aspects rural development requirements of Nepal. Therefore, it is essential to develop project specific Community User Groups Guidelines (CUGGs) for the SPEP. However, these CUGGs are developed by adopting existing Community Mobilization Guidelines of AEPC.

It has been widely accepted that in order to promote sustainable rural development the community involvement is essential in all phases of planning, designing, implementing and benefit sharing of program. A properly designed and implemented CUGGs lead community members, both male and female, to the emergence of self-governing institutions, which act as the sustainable organizations for development, helping people to enhance their receiving and utilizing capacity and also providing the system to work together for households and community initiatives.

1.2 The Project

The proposed Project, Rural South Asia Subregional Economic Cooperation (SASEC) Power System Expansion Project (SPEP) will focus to provide access to affordable and reliable renewable energy services in rural Nepal. SPEP is linked with Scaling up Renewable Energy Project (SREP) that handle by ADB. However, SPEP will (i) bring about transformational impacts through scaling up energy access using renewable energy technologies, poverty reduction, gender and social inclusiveness, and (ii) ensure sustainable operations through capacity building. Moreover, the project will provide access to energy and facilitate productive end uses of energy at the “bottom of the pyramid” in rural locations which are far away from the national grid. The project comes under the sector loan financial modality¹.

Under the sector financing, most subprojects are unlikely to be identified before the Board approval. However, the project Resettlement Framework (RF) and Indigenous People

¹ OM Section F1/BP, P. 10-11

Planning Framework (IPPF) are required for the Board approval. In addition, screening and categorization checklists for voluntary donation plans should be prepared by the borrower/client. The project will be implemented within period of five years covering the targets set under each project components. The project executing agency (EA) which is AEPC manages the project as per the subproject selection criteria.

Moreover, the project will represent a part of the Government's National Rural and Renewable Energy Program (NRREP). AEPC is a statutory establishment manages under the Ministry of Science, Technology, and Environment Environment (MoSTE), Government of Nepal (GoN).

The overall objective of the project is to improve and enhance the rural energy through existing rural energy sources in Nepal which aims a holistic development for the poverty stricken communities in marginalized areas and for their livelihoods. The Project components and outputs will be:

- (i) Mini-micro hydropower project (MMHP) development, up to 4.3 megawatt in total;
- (ii) Solar and/or wind hybrid system (SWHS)-0.5 MW development in rural communities; and
- (iii) Capacity development of AEPC and selected stakeholders, including support for project implementation.

1.3 Rationale of the Guideline

Nepal has a long history of development of rural energy technologies like micro hydro and biogas. Evidences have shown that the development of different rural energy technologies, especially micro-hydro electricity generation schemes is feasible both technically and financially in the country. These also have been a considerable amount of innovative design work and production undertaken by the Nepalese private enterprises in the areas of micro hydro technology.

Though there is an immense potential for the development of micro-hydro schemes to supply rural energy needs of the scattered hilly settlements, the promotion of the MMHP systems has been, so far, too slow. The problems include the lack of managerial skills, insufficient technical support, and inconsistencies in policies and weak co-ordination between the stakeholders. Moreover, past efforts of implementation energy development program without strengthening grassroots institution have hindered the sustainable operation of such schemes in the long run. Most importantly, the failure to mobilize local community from the very beginning of program planning entails felling of ownership of these systems among villagers.

There are very few successful examples of MMHP development in which community's efforts were made to mobilize from program planning to operational stage. However, most of them lack a holistic approach in implementation and management. So far none of the energy program has addressed the problem for ensuring grassroots organization development and mobilization them collective effort to promote rural energy in cross-sectoral dimensions at the center and local level. Nevertheless these schemes provide

some lesson pertaining to community mobilization, community organization, skill development and local resource mobilization. It has been observed that people's participation in each phase of utilization of local resources would instill the sense of belongings among themselves, which is vital for the sustainability of the project and program.

Keeping this in view, CUGGs adopts a well designed approach that ensures sustainable organization development and optimum community mobilization right from planning, designing and construction of operation and maintenance phases of mini micro-hydro and solar wind hybrid system development. More importantly, effort is directed to create grassroots level institutions to mobilize community members, both men and women, to establish operate and manage energy producing units in their own area and to initiate various activities for the enhancement of socio-economic conditions of community members. Therefore, the main purpose of the CUGGs is to enhance the local capacity of CUGs for the implementation and management of rural energy subprojects at all district level. The energy systems developed through MHEP supports will be used for the development of the communities themselves by linking it with other feasible productive endeavors such as irrigation, micro enterprises, transportation, etc.

CUGGs emphasize community mobilization as an essential vehicle for self-governance to ensure active participation of local people to manage and operate rural energy system and other community development efforts in a sustainable manner. CUGGs encourage local people to organize into CUGs and other relevant subproject functional groups, while enhancement of skill helps improve their knowledge and capacities of undertake different socio-economic development activities. Similarly, the formation of capital through a saving and credit schemes stimulates community members for undertaking different economic income generating activities. Another important component of the CUGGs is the promotion of appropriate technologies that help increase the efficiency and effectiveness of resources to the optimum levels. In addition, the proper management of environment helps the villagers to implement energy and environment as an integrated endeavor, which not only ensure sustainable operation and management of MMHP and SWHS but also proper utilization of natural resources. Finally, the empowerment of rural women encourages them for their maximum involvement in all stages of program planning and implementation.

This guideline is prepared to highlight the strategies and approaches of SPEP CUGs formation and manifestation of its organizational requirements that will expect from community members, both men and women, and strengthen their capacities not only to establish, operate and manage energy producing units in their own vicinity but to undertake other income generation and environmental friendly rural technology oriented initiatives all households and community levels.

1.4 Key Principles

AEPC has identified six key principles for the entire process of community mobilization in rural energy programs and these principles are recognized and accepted for the SPEP CUGGs promptly. All key principles can be illustrated as follows.



CHAPTER II: SPECIFIC OBJECTIVES OF THE GUIDELINES

2.1 Specific Objectives of CUGGs

The main purpose of the CUGGs is to enhance the local capacity of CUGs for the implementation and management of rural energy subprojects at all district level. By achieving the purpose, it will facilitate for community mobilization through organization development, skill enhancement, capital formation, technology promotion, environmental management and women's empowerment. Therefore, CUGGs will ensure the following specific objectives as a result of proper utilization of CUGs:

- Encourage local people, both male and female, to form CUGs,
- Motivate people through awareness and promotion efforts to understand about the importance of community organization (CUGs) to initiate development work through self-help approach.
- Promote them to form Subproject Functional Groups (SPFGs) (if necessary) for fairly large subprojects in size and capacity of energy generation/production.
- Raise awareness among CUGs members about the adverse consequences of the present energy use systems,
- Mobilize community resources and skills to undertake mini micro-hydro projects and solar wind hybrid systems, and other community development initiatives,
- Enhance skill and capability of CUGs and SPFGs to manage and utilize energy resources for various socio-economic activities, and
- Promote self-governance by empowering the local community through resource mobilization and human resource development.

- Ensure the subproject sustainability through proper management and energy resource utilization for livelihood development.

CHAPTER III: CONCEPTUAL FRAMEWORK

The concept of the participatory rural development program calls for people's involvement in every stage of the development process. Participation requires the involvement of all people in the actions, which enhance their wellbeing, e.g. security, income and self-esteem. Participation of community would be more productive if they were made capable in decision making, implementation, benefit sharing and self-evaluation. This ensures efficiency and efficient use of resources, equity, sustainability and empowerment. Furthermore, participatory development asserts the importance of placing local realities at the heart of development interventions, and of the need to transform agents of development from being directive 'experts' to 'facilitators' of local knowledge and capabilities.

3.1 Manifestation of Key Principles

The key principles are pivotal in entire process of community mobilization and proper understand on each principle is essential. All participants meet in the entire process must study and learn all key principles as described below.

3.1.1 Organization Development

The underlying principle is that people get organized to perform a number of social activities if they live in close proximity and share common interests related to energy production and use. The CUGGs sensitize the CUGs members to the benefits of working collectively to undertake different activities, which would not have been possible on the individual basis. Most importantly, once organized, these CUGs will help the people to organize themselves and mobilize local resources for productive uses. Even the raising of equity contributions from the members for implementing community development activities would become somewhat easier and quicker through these CUGs. Moreover, CUGs could achieve three basic goals; namely capital formation, technology promotion and transfer, and environment management.

3.1.2 Skills Enhancement

It has been well recognized that skilled people perform the tasks efficiently than unskilled ones. Thus, various kinds of need based skills imparted to the members will enhance their capacities to use and maximize the benefits by their own participation and use of available scarce resources. The skills required by the rural community members can be categorized under four heads:

- Skill to run community organizations and functional groups smoothly (organizational development, management, book keeping, saving and credit operation, etc.),
- Skill to implement, operate and manage MH schemes,

- Skill to enhance productivity based on the use of energy (agriculture, livestock, forestry, off-farm activities, marketing, etc.), and
- Skill to initiate various social activities.

On the one hand, everyone has a capacity to improve such skills under proper guidance and training. On the other hand, participation in subproject activities manage by CUGs will automatically enhance their skills expected for production and use of energy in rural livelihood.

3.1.3 Capital Formation

Capital is an essential input for any development work. It can be developed through the mobilization of internal and external resources. If done properly, it can be mobilized locally to certain extent from the CUGs members themselves. Saving and credit have proved to be an appropriate mechanism to mobilize the local capital for productive uses. Though may be meager in term of individual saving, they become substantial when combined collectively. The savings generated by CUGs members through regular saving and credit operation will help create the assets in the organizations. Capital generated in such a way will then be supplemented for the credit need of community members to start income generating micro-enterprises at household and community levels. Moreover, CUGs could generate funds for the purpose of equity² as an investment for the subproject. The investment is in addition to the CUGs labour input as they agreed with the subproject developer. It may further strengthen the self-confidence, self-esteem, subproject ownership and sustainability of the subproject. Furthermore, the revenues collected from the use of energy from the members will be collected as the community energy funds which greatly empower the CUGs and SPFGs to fund in undertaking various development activities on their own in the future.

3.1.4 Technology Promotion

It is obvious that technology of MMHP and SWHS is a new paradigm for rural communities in rural Nepal, especially for indigenous communities. Since the CUGs are claiming for the ownership for subprojects, they need to get full awareness on new technology adopted in subprojects. Therefore, it is a great event for technology transfer to CUGs and the communities under each subproject.

Furthermore, introduction, adoption, operation and finally internalization of modern appropriate technologies are essential for community development. Different energy technologies like mini micro-hydro and solar wind hybrid system are efficient in increasing productivity, reducing drudgery of women and helping conservation of the natural environment in the rural areas. In the same manner, small-scale enterprises based on end-use applications of the electricity generated by new technology that can be used with energy supply to their houses will help supplement the income level of the rural population through creating various employment opportunities.

3.1.5 Environment Management

² CUGs equity for MMHP is 40% of the total cost and for SWHS is 10% of the total cost.

Sustainable operation and management of MMHP depends more on the watershed condition and the management of natural resources which include community forestry, tree plantation, land terracing, agro-forestry and other environmental protection measures. SWHS also much more environment friendly energy source than MMHP. In general, the environment management broadly covers the following initiatives.

- Commercial community forestry
- Micro watershed management
- Environment education
- Environmental health and sanitation

Therefore, CUGs could do their responsibility to manage these environmental tasks and committed to protect it for the sustainability of the subproject.

3.1.6 Women Empowerment

It has been widely recognized in recent years the central role-played by women in the family economy; not only the single role of women as procreator but also their triple role i.e. procreative, productive and managing work. In view of the wide-ranging involvement of women in the survival of their households, any action to enhance the survival capability of the family requires increasing involvement of women. It is seen that, income in the hands of women contributes more to improving the total security and welfare of the family. Moreover, involvement in economic activities enhances their control on resources. However, a greater effort is needed for involving women to build their self-confidence and capability for undertaking independent action, integrating them into the decision making processes within the community and bringing them into the mainstream of the development process as a whole. In short, actions encouraging women's involvement will instill confidence, increase self-reliance and self-esteem, encourage leadership, demonstrate women's management capability and enhance the credibility of women in the eyes of the community as equal partners in the development process.

Especially, women have a role in energy consumption and controlling at household level. The project specific women role and their involvement is thoroughly discussed in Gender Empowerment and Social Inclusion (GESI) Framework which is a ADB requirement of the project appraisal.

CHAPTER IV: FORMATION OF CUGs

4.1 Introduction

The term community is referred here as the members – men, women and children – living in a particular geographic and administrative area of a village (more specifically the area covered under the village development committee [VDC] that defined in Government of Nepal). This this context community does not mean that ethnic, religious, political or any social and cultural categorization. This is a group of people with same order of living together under similar set of living condition in a VDC. Under the SPEP, community

members of a settlement or a VDC are motivated and encouraged to form CUG at first stage of subproject appraisal. If the subproject covers two or more VDCs, each VDC should form their CUGs and by representing each VDC, a Subproject Functional Group (SPFG) should be formed with the support of EA and Regional Service Centre (RCS). They are briefly described as below.

4.2 Community User Group

The Community User Group (CUG) is an organization of people with a social and legal recognition confined to the concern VDC who live in the same proximity and share common interests for continuing their socio-economic development. Generally, people living in close vicinity with certain resources will have similar interests and necessities. Under the program, residents of the area, both male and female; are mobilized to establish their own organizations (CUGs). CUG members, comprised with adult male and female, to the emergence of self-governing institutions related to energy production and use, which act as the sustainable organizations for rural development, helping people to enhance their receiving and utilizing capacity and also providing the system to work together for households and community initiatives.

4.2.1 Composition of a CUG

A CUG should be comprised with following executive members.

- Chairman (1)
- Secretary (1)
- Treasurer (1)
- Vice-chairman (1)
- Vice-secretary (1)
- Committee members (5 and above as per the number of household clusters)

At least one third of executive members should comprise with females including one position of top five reserving for female member. In addition, foremost place should be given to educated young adults of the community.

4.2.2 Constitution of CUGs: A Sample

Each CUG is to be equipped with its own constitution that governs by basic principles. A sample constitution for the purpose of reference is given in Appendix I.

4.2.3 Formation of CGUs

CUGs are formed to meet the goals of SPEP and ensure the subproject requirements under the MMHP or SWHS. These CUGs are mobilized to undertake various socio-economic activities through the six key principals that identified under the conceptual framework of the guidelines. At the time of form CUGs, the AEPC and or Community Mobilizer of RSC representative should be represent at the first meeting with formal notification to the VDC secretary of the concern VDC with his or her permission and or

participation. The formation of CUGs is a part of subproject appraisal under the SPEP and the date, time and venue should be formally announce or notify to all members of the community. Subsequently, following steps are essential to continue the process of formation.

Step I: Initiation of CUGs

The first step of the formation process of CUGs is the sensitization of villagers and VDC personnel towards energy and environmental issues, importance of rural energy for households and community development and need of organization and social capital for poverty alleviation. In mass sensitization, it is mandatory that at least one male and one female member from each household attend the meeting. The purposes of the mass sensitization are to:

- Make aware the people on the need and importance of energy for household and community development;
- Encourage people to come together and form CUGs for socio-economic development; and
- Make aware the people on their role and contribution on subproject requirements such as eligibility, equity, subsidy, designing, Grievances Redress Mechanism, implementation, production, and ownership.

Process of Sensitization

Mass sensitization should be carried out within each cluster of households or VDC. The outcome of mass sensitization will be the emergence of a sense of urgency among community members to organize themselves into CUGs for their own betterment. Community members will also understand the contribution of women headed family and the community so as to provide a more conducive environment for enhancing women's involvement in community affairs and raising women's awareness and confidence to prepare them for active participation in community level decision making processes. Generally, following tools and techniques will be used in the process of the mass sensitization:

- a) Resource map,
- b) Drawings and cartoons, and
- c) Audio visual shows.

Use of Resource Map

The resource map of the community will be the entry point for mass sensitization process. Depiction of such map and discussions among the participants will develop a vision to all regarding the existing scenario and the possible positive changes in the settlement after the utilization of energy from micro hydro, solar and/or wind schemes.

Use of Drawings and Cartoons

Various drawings showing the malaise of society will be depicted first to the participants. They will provide a sense of resemblance to the participants of their precarious conditions and the various reasons behind it. Then the separate drawings with the possible solutions will be presented and explained. The program has designed and prepared a series of drawings and cartoons to suit the purpose.

Audio – Visual Shows

Audio-visuals shows are very effective tools for sensitization. Audio-visuals with the pertinent messages about the needs and benefits of energy of energy will be exhibited to the villagers in the evening. There will be no barrier for the participants and all community members will be encouraged to view it.

Experiences have shown that the repeated interaction with community members help create awareness about the importance of energy to enhance livelihoods and conserve natural environment for socio-economic improvement. Mass sensitization and interaction with local elected personal are effective tools for organization formation. Once mobilized, CUGs are formed by the villagers in no time. Under SPEP community mobilization process, it is mandatory that 99% of the households participate in the formation of CUGs and in decision-making meetings. Normally, each CUG consists minimum of 10 members, but the number can vary depending upon the local situations. It should be noted that in each cluster of households there will be represented CUG for male and female.

The process followed for the formation of CUGs in its first official meeting is described as below.

Step 2: Conducting First Official Meeting

The approach describes below may be more appropriate to form the CUGs while emphasizing community members on organizing themselves as formal organization to achieve energy requirements.

- ✓ Introduction with VDC personnel (Chairman, Vice- Chairman, Ward Members, Secretary and Technical Assistant)
- ✓ Familiarizations about SPEP objectives and activities
- ✓ Clarification of VDC's role and responsibilities
- ✓ Collection of information for the preparation of VDC profile
- ✓ Briefing on the household level baseline survey, informal dialogue and community mobilization process
- ✓ Electing CUG executive members as shown in the section of 4.2.1 (Composition of a CUG) and 4.2.3 (constitution of the CUGs) in the guidelines

A CUG is considered as mature if the members start conducting regular meetings, saving regularly, making decisions on consensus and recording the decisions in the minute book.

Step 3: Mobilize CUG Members – Stage I (Organizing towards Strengthening CUG)

a. Basic Affiliations Develop by Executive Committee:

Executive Committees of each CUGs will be affiliated with Regional Service Centers (RSCs) and District Energy Unit at district headquarter under the guidance of AEPC. RSCs are the functional body appointed by the AEPC. The initial task of RCS is mobilizing CUGs members to achieve its organization's objective through the key principles of this CUGGs.

b. Informal Dialogue:

Executive Committee members will continue the process of awareness for mobilization under direct supervision of subproject Community Mobilizer (CM). It is done through house to house visits. Normally, the Executive Committee and CM meet with about ten (10) households in a day for this purpose.

The households visit helps in

- Self introduction
- Getting to know households and members, and
- Motivating people to attend CUGs activities to achieve its objective.

Step 4: Mobilize CUG Members – Stage II (Organizing towards Subproject Goals)

a. Dialogue on Energy Requirement:

It is mandatory to have the representation of 99% households within the CUG as a result of first stage activities carried out by Executive Committee of CUG and CM. It should increase the participation of both male and female members of each household in CUG activities. The purposes of the dialogue are as follows:

- Sensitization of villagers on the energy, environment and SPEP subproject,
- Enhancing subproject activities and CUG's tasks
- Establishing common understanding on the RSC and its role,
- Initiating equity fund through collecting the monthly installment from each household that decided by the CUG,
- Start the bank account under the guidance of AEPC and deposit the amount collect from the members,
- Information about the household baseline survey and assets verification survey, and
- Identification of potential persons who are losing land and assets as a result of subproject activities on temporal and permanent basis.

In these dialogue and meetings, CM and program personnel should listen carefully to identify all potential negative and positive impacts of the subproject. In addition, they should observe whether there has been consensus or not on the decisions made by the CUG members. If agreeable to all, the date for second dialogue is fixed. If not, villagers will be asked again to discuss on this at later date to reach consensus. Then the date is fixed for next meeting.

b. Dialogue on Donors:

It is mandatory to have participation of male and female member of potential donors households in the second dialogue. The key issues discussed in this meeting are as follows:

- Verification of actual number of households losing land and sizes of land,
- Identify the impact to the livelihood and search possible alternative solution if the impact makes drastic change of livelihood of the concern household,
- Provision of knowledge and information on:
 - Land donation and donors natural consent on it
 - Land donation process and registration it as a property of CUG and subproject
 - Land transfer certificate

Step 5: Mobilize CUG Members – Stage III (Capacity Development for Executive Committee Members of CUG and Other Targeted Groups)

The Executive Committee members of CUG and CM should give prime attention to identify the needy people for capacity development program. In general, it is assumed that following groups of people should focus under the capacity development program as highlighted in the Resettlement Framework, Indigenous People Planning Framework, and Gender Empowerment and Social Inclusion Framework of the SPEP. They are:

1. Executive Member of the CUG
2. Women in female headed households
3. One young male or female from ultra-poor families
4. One young male or female from Dalit families

4.3 Subproject Functional Groups

Subproject Functional group (SPFG) is a management team established from few CUGs in the same district and same area having specific common needs, priorities and willingness to fulfill those needs through collective group actions to achieve their energy requirements. Specially, where there is a MMHP that plans to generate substantially high output of electricity and that plans to distribute for other VDCs adjoining to the VDC located the powerhouse, encourage forming SPFG.

4.3.1 Formation of Subproject Functional Groups

At the time of forming SPFGs, the AEPC and or Community Mobilizer of RSC representative should be present at the first meeting with formal notification to all VDC secretaries of the concern VDCs with his or her permission and or participation. SPFG will be formed from the Executive Committee members of CUGs that link under the subproject. The composition of a SPFG should be as follows:

- Chairman (1)
- Secretary (1)
- Treasurer (1)
- Vice-chairman (1)
- Vice-secretary (1)
- Committee members (2 from each VDC covers under the subproject)

4.3.2 Role of the SPFG

The specific role of SPFG is to support AEPC and RSCs to design, plan, implement, and maintain the subproject ensuring the subproject sustainability through encapsulating the expected input from all CUGs formed under the subproject. However, it can further described as follows:

1. Assist AEPC and RSC to continue subproject appraisal in the area of concerned.
2. Assist CM to continue community mobilizing activities and capacity development programs planned under the subproject.
3. Assist and ensure the volunteer land donation (if necessary) and support all CUGs to fulfill land transfer requirements as per the process of registration.
4. Cooperate with all CUGs to solve any unforeseen issues as a result of subproject implementation and deal with AEPC, CM, RSC, and contractor/s.
5. Ensure the CUGs members' support to fulfill the labour requirements as per the agreement with the contractor/s.
6. Encourage CUGs and its members on achieving targets of subproject equity.
7. Ensure the smooth function of energy production and subproject sustainability.

Annex I: Constitution of CUGs: A Sample

Constitution Format for Community User Groups

South Asia Subregional Economic Cooperation (SASEC) Power System Expansion
Project (**SPEP**)

Section 1

Preliminary Details of the CUG

1. Name of Organization: Community User Group, [Taksera] Village Development Committee, [Rurkum] District, [Western] Development Region, Nepal.
2. Organization's address:
3. Commencement: This Constitution shall come into force after sanctioned by VDC, AEPC DEU, and DDC of [Rurkum] district.
4. Field Area:
5. Affiliation: This Organization can be affiliated with Regional Service Centres approved by AEPC and other authorities which are legalized.
6. Under prevailing acts: Provisions under this Constitution are abided by the Organization Registration Act 1977 and laws prevailing in Government of Nepal. Activities will be carried out by this Organization under CUG guidelines prepared for SPEP.

7. Recognition of Organization: This CUG is a self-motivated and self-standing for rural renewable energy initiatives and production for the benefit of concerned community.
8. Organization's seal: Organization shall have a separate seal, which should be designed by Executive Committee.

Section 2

Definition:

1. Organization denotes: - The Community User Group (CUG) is an organization of people with a social and legal recognition confined to the concern VDC who live in the same proximity and share common interests for continuing their socio-economic development.
2. Committee denotes:-Executive Committee formed under this constitution
.....
3. Act denotes:-Organization Registration Act 2034 (1977).
4. Rules and Regulations denotes:-Rules and Regulations made under this constitution.
5. Office bearers denotes:-Office bearers of this organization.
6. Chairman, Vice-chairman, Member-Secretary, Secretary, Treasurer and Member denotes:-Chairman, Vice-chairman, Secretary, Vice-secretary, Treasurer, Committee members and Members of this organization.
7. Local Authority denotes:- Alternative Energy Promotion Centre (AEPCC).
8. As Prescribed denotes:-Prescribed as in the Rules and Regulations under this constitution.
9. Meeting denotes:-General Meeting under this constitution.

Section 3

Objectives:

1. Encourage local people, both male and female, to form CUGs,
2. Motivate people through awareness and promotion efforts to understand about the importance of community organization (CUGs) to initiate development work through self-help approach.
3. Promote them to form Subproject Functional Groups (SPFGs) (if necessary) for fairly large subprojects in size and capacity of energy generation/production.
4. Raise awareness among CUGs members about the adverse consequences of the present energy use systems,
5. Mobilize community resources and skills to undertake mini micro-hydro projects and solar wind hybrid systems, and other community development initiatives,
6. Enhance skill and capability of CUGs and SPFGs to manage and utilize energy resources for various socio-economic activities, and
7. Promote self-governance by empowering the local community through resource mobilization and human resource development.

8. Ensure the subproject sustainability through proper management and energy resource utilization for livelihood development.

Section 4

1. Eligibility of member
 - a) Nepali nationality with the age of above 16 years.
 - b) Not to be proved any crime by court.
 - c) Not lost of mental balance.
 - d) Not disqualified by any laws.
 - e) Action not taken against any manipulation made in any other organizations.
 - f) Having land or house and living in working area.
 - g) Membership should be given not more than two per household (man and woman).
2. Types of membership
 - a) Founder Member: - The Office bearers signed on this constitution when this constitution was passed are the Founder Members. Founder Member can vote in election only after taking general membership or life-long membership.
 - b) General Member: - General Membership shall be provided by executive committee to the person who applied for membership after paying Rs.100.
3. All types of Membership shall be provided by the decision of executive committee after receiving prescribed application form. If executive committee rejects any application for membership, the reason of rejection of membership shall be notified to the applicant.
4. All members should follow the provisions under the constitution.
5. Disqualified for Membership :-
 - a) Not the age of 16 years.
 - b) Non Nepali nationality.
 - c) Mentally unbalanced.
 - d) Manipulation made in any other organizations.
 - e) Any crime was proved by the court.
- f) Not living in the working area or VDC
6. Termination of Membership :-
 - a) Resigned from the Nepali nationality.
 - b) Mental balance loss was proved.
 - c) Residence was shifted from the working area.
 - d) Resigned from the Membership.
 - e) Membership was not renewed in timely.
 - f) Acted against the objectives of the CUG was proved.

Section 5

General Meeting, Working Committee and other Committees

1. General Meeting
 - a) General Members and Life-long Members can be participated in General Meeting. Founder Member should also take any of these two memberships for

General Meeting.

b) General Meeting shall be supreme body of the organization.

c) The presence of 51% members, except specific provision available, shall be deemed to constitute a quorum of the General Meeting. If quorum is not sufficient, the General Meeting called soon after 7 days, the presence of 33% of members shall be deemed to constitute a quorum. Except specific provision available in constitution simple majority decision shall be authentic. General Meeting shall be 2 kinds, e.g. Annual General Meeting and Specific General Meeting.

d) Annual General Meeting shall be held by the end of Aswin (mid of October) every year, place, date and time fixed by the Executive Committee.

e) Decision was made by the majority of Executive Committee or written demand by 1/3 members of general meeting, within 21 days from such decision was made or demanded Specific General Meeting shall take place. The written notice should be issued to every member 7 days before from the date of such Annual or Specific General Meeting holding.

2. Functions, Duties and Powers of the General Meeting

a) To hold election of Executive Committee.

b) To terminate the office bearers and members from the Executive Committee by passing the motion of no-confidence.

c) To pass the necessary Rules, to create vacancies, to fix remuneration under the constitution.

d) To pass the yearly program and respective budget.

e) To appoint the auditor.

f) To give necessary direction to the Executive Committee.

g) To perform necessary works of organization acting as supreme body.

3. Formation of the Executive Committee

The following Office bearers shall be elected from General Members for the Executive Committee for the 2 years of working duration.

1. Chairman (1)

2. Vice-chairman (1)

3. Secretary (1)

4. Vice-secretary (1)

5. Treasurer (1)

6. Committee Members (5-6)

Concerning of becoming the post vacant – in case of the post of Chairman, General Meeting will be called and only for that post-election shall be held. Concerning other Office bearers and members the Executive Committee shall nominate from the General Meeting Members.

4. Functions, Duties and Powers of Executive Committee

a) Following the provisions under the constitution, to get in actions the decisions made on General Meeting.

b) To submit annual program and budget of organization in General Meeting.

c) Operating the programs in favor of organization.

d) Maximum utilization of available means and resources to fulfill organization's objectives.

- e) Responsible in favor of General Meeting.
 - f) For its working duration, to form advisor committee, other committees and sub-committees with appropriate person and size and to allocate jobs for them.
 - g) To operate the organization's activities, preparing of work plan, collecting of resources, operating, supervising, evaluating, monitoring, etc.
 - h) Preserving of organization's assets and managing its income and expenses.
 - i) Selection of staffs, allocating responsibility and supervising them as per approved Rules.
 - j) To play leading role of the organization.
5. Meeting of the Executive Committee
- a) Meeting of the working committee shall be held once a month on the date and time fixed by chairman.
 - b) Written demand by the majority of working committee members, chairman shall call for meeting anytime within 15 days from such demand.
 - c) 51% of members shall be deemed to constitute a quorum of the working committee and majority decision shall be authentic.
6. Other Committees:

Other committees and sub-committees can be formed as per necessity under constitution by Executive Committee.

Section 6

Functions, Duties and Powers of the Office Bearers

1. Chairman
 - a) To chair the meeting of the committee and to operate it.
 - b) To give decisive vote.
 - c) To take place of representative of organization or to appoint representative.
 - d) To take leadership of organization.
 - e) To give direction to Secretary and Vice-secretary for calling necessary meetings.
 - f) Allocating job and duties to the other office bearers or members.
 - g) Attesting the records
2. Vice-chairman
 - a) To assist the chairman.
 - b) To fulfill the duties assigned by the Chairman.
 - c) To perform the functions of the Chairman in his absence.
3. Secretary
 - a) To take care of secretariat of organization and operating it.
 - b) To call meetings with the guidance from the chairman.
 - c) To preserve the records.
 - d) To fulfill the other responsibilities assigned by the chairman.
4. Vice-secretary
 - a) To assist the Secretary.
 - b) To perform the function of the Secretary in his absence.
 - c) To fulfill the other responsibilities assigned by the Chairman.

5. Treasurer
 - a) To care the fund of organization and its operation.
 - b) To submit the annual program and budget in General Meeting.
 - c) To keep account properly.
 - d) To conduct annual auditing regularly.
6. Committee Member
 - a) Active participation in committee meeting.
 - b) To take creative role in organization's activities.
7. Resignation

Resignation of Chairman through Vice-chairman and other Office Bearers or Members through Chairman can be accepted by Executive Committee.

Section 7

Financial Management

1. Fund: - There will be a fund operate under the direct guidance of AEPC and its basic intention is to generate the equity for the subproject implementation while getting eligible for the subsidy of rural energy initiatives in the VDC. In addition, this fund will be utilized for other requirements of the subproject.
2. Assets:- All movable and immovable assets of the organization, which account shall be updated through prevailing laws.
3. Economic Source: - Economic Sources of organization shall be as follows.
 - a) Membership fees and renewal fees of members.
 - b) Donations, gifts, grants, etc. received from different personnel, organizations, governmental and non-governmental organizations.
4. Operation of Bank account: - Joint Account of organization shall be opened in authorized local bank and it shall be operated by two office bearers, one will be either Chairman or Secretary and another will be Treasurer.
5. Auditing: - Account of the organization shall be audited by the auditor, authorized by AEPC, within 2 months after completion of every fiscal year. The audit report shall be submitted to Local Authority, AEPC and other related agencies.

Section 8

Miscellaneous

1. Provision relating to Election:-
 - a) The Election of new Executive Committee shall be done within 6 months, from the date of organization registered and it shall be notified to AEPC and VDC Secretary.
 - b) The Executive Committee shall form an Election Committee for the election purpose in every 2 years. Election Committee shall elects the Executive Committee from the general and life-long members of general meeting under prevailing provisions regarding election.
 - c) Work plan of Election committee shall manage itself.
 - d) The decisions of Election Committee regarding election will be final.
 - e) Election Committee shall be dissolved itself after election process completed.
 - f) Fulfillment of vacant post shall be filled for the remaining period only.

2. Submission of the motion of no-confidence:-

Written motion of no-confidence on any office bearers or member of the organization can be submitted in the general meeting with reasons, by $\frac{1}{4}$ of general meeting members. In this case General Meeting shall be called immediately. Written notification of motion of no-confidence shall be issued to concerned office bearer or member and 7 days time duration shall be provided to give clarification comment on it. If the motion of no-confidence passed by $\frac{2}{3}$ of total general meeting member, the office bearer or member shall be terminated from such post. Motion of no-confidence cannot be submitted on anybody whose elected duration was not crossed over 6 months, or to whom the motion of no-confidence failed not crossed over 6 months. If Chairman terminated from the post, re-election shall be done, concerning other office bearers or members another person shall be nominated according to this constitution.

3. Amendment of constitution:-

Amendment proposal of any section or Section or sub-section of constitution can be submitted to Executive Committee by any office bearer or member of Executive Committee or member of general meeting according to organization registration act 2034 (1977) or prevailing act. If such amendment proposal was accepted by the Executive Committee, it shall be proposed on General Meeting. If the amendment proposal passed by $\frac{2}{3}$ of total general meeting member, such amended constitution come into force after taking permission from Local Authority.

4. Dissolution:-

In case of unable to run the organization, or by any other reason decision for dissolution shall be made by general meeting. Thus, by any reason if organization was dissolved all the assets of organization after clearing liabilities, shall be transferred to AEPC or VDC Secretary.

5. Inactive:-

If any clause of section or sub-section of constitution was against the prevailing law, such clause shall be terminated automatically.

6. All the activities of the organization written in constitution will be carried out under AEPC policy direction.

7. Explanation:-

The final rights for explanation of this constitution shall be held by Executive Committee.

8. Maintaining of confidential matter:-

Any office bearer or member should not act against the favor of the organization and should not open the confidential matter of the organization. Office bearer or member of the Executive Committee and member of general meeting should not use uncivilized or vulgar words in any meeting or seminar.

9. Activities of this organization shall be carried out far from any political actions.

10. Making of Rules:-

Necessary Rules can be made by working committee under this constitution and such Rules come into force after permission from AEPC.

11. Following the Direction:-

Following the direction given by the AEPC time to time is one of the main duties of the organization.

**Appendix II:
SAMPLE NEGOTIATED LAND TRANSFER CONSENT FORM**

Government of Nepal,
Land Revenue Office,
[INSERT NAME] District
[INSERT NAME] Village

CERTIFICATE OF LAND TRANSFER

I, [INSERT NAME, AGE, OCCUPATION], with residence located in [INSERT NAME] village, [INSERT NAME] district

Certify that I have been previously informed by local authority of my right to entitle compensation for any loss of property (house, land and trees) that might be caused by the construction of ([INSERT NAME]) financed under the Scaling-up Rural Energy Project in [INSERT NAME] district. I confirm that I voluntarily donate the land of [INSERT AMOUNT LOSS] square meters located in [INSERT NAME] village ([INSERT NAME] district) to the Project construction. I also confirm that I do not request any compensation of loss of [INSERT OTHER LOSSES SUCH AS TREES] and would request the local authority/AEPC/CUG/SPFG/PPD to consider this as my contribution to the project.

Type of Loss	Area (sqm)	Number of Trees	Number of Structures	Unit Rates	Total	Comment
Land 1						
Land 2						
Total						

Therefore, I prepare and sign this certificate for the proof of my decision. Further, I certify that I have given my consent without any force/coercion from anybody, including project authorities.

[INSERT NAME] district
[INSERT DATE]
The owner of the land
[INSERT NAME AND SIGN]

Witnesses

1. [INSERT NAME] :
2. [INSERT NAME]
3. [INSERT NAME]

Certified by the [INSERT NAME OF INDEPENDENT THIRD PARTY], [NAME AND SIGN]

* This form will be translated in Nepalese Language for implementation purpose

Appendix-III

SAMPLE MONITORING INDICATORS

Type	Indicator	Examples of Variables
Process Indicator	Staffing	Number of social safeguard staff and subordinate staff enrolled in AEPC and sub-project locations (social mobilization coordinators) Number of other line agency officials available for tasks
	Consultation and Mobilisation	Number of CUGs established at subproject locations and meetings held Grievances by type and resolution Number of field visits by project staff and social mobilisation coordinators
	Procedures in Operation	Socioeconomic surveys, census and asset verification procedures in place Number of IR screening and categorization checklists have completed
Output Indicators; data disaggregated by sex of owner/ head of HH	Acquisition of Land	Number of agreements and land transfers (owner to GON) effected Coordination between VDC, LRO, DTO, CDO and other line agencies Area of cultivation land acquired Area of other private land acquired Area of communal/government land acquired Area of the land donated Area of the land compensated
	Trees and Crops	Number and type of private trees acquired Number and type of government/community trees acquired Crops destroyed by area, type and number of owners
	Compensation and Rehabilitation	Number of HHs affected (land, buildings, trees, crops) Number of owners assisted by type of loss Amount compensated by type and owner Number and amount of allowances paid Number of replacement houses constructed by concerned owners/contractor Number of replacement businesses constructed by concerned owners Number of owners requesting assistance with purchasing of replacement land Number of replacement land purchases effected Number of HHs and persons included for income restoration program Income restoration cost
Impact Indicator – data disaggregated by sex of owner/ head of HH	HH Earning Capacity	Employment status of economically active members Changes to income-earning activities (agriculture) – pre- and post disturbance Changes to income-earning activities (off-farm) – pre- and post disturbance Amount and balance of income and expenditure Range of increase land value Number of HHs received electricity supply Number of institutions received electricity supply Number of students benefited Number of cottage or small scale industries commenced after the project

		Number of agri-business commenced after the project Number of CUG members participated in capacity development programs Number of EA staff under gone in capacity development program Number of subprojects planned Number of subprojects implemented and completed
	Capacity development	Number of CUG members participated in capacity development programs Number of EA staff under gone in capacity development program
	Subproject implementation	Number of subprojects planned Number of subprojects implemented and completed Number of subprojects compliance IR