



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 09-May-2018 | Report No: PIDISDSA23928

**BASIC INFORMATION****A. Basic Project Data**

Country Nepal	Project ID P164319	Project Name Food and Nutrition Security Enhancement Project	Parent Project ID (if any)
Region SOUTH ASIA	Estimated Appraisal Date 07-May-2018	Estimated Board Date 02-Jul-2018	Practice Area (Lead) Agriculture
Financing Instrument Investment Project Financing	Borrower(s) Federal Democratic Republic of Nepal	Implementing Agency Ministry of Agriculture, Land Management, and Cooperatives (MoALMC)	

Proposed Development Objective(s)

The Project Development Objective (PDO) is to enhance climate resilience, improve agricultural productivity and nutrition practices of targeted smallholder farming communities in selected areas of Nepal.

Components

Climate and Nutrition Smart Technology Adaptation and Dissemination
Income Generation and Diversification
Improving Nutrition Security
Project management, communication and M&E
Contingency Emergency Response

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	28.70
Total Financing	28.70
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS**Non-World Bank Group Financing**



Counterpart Funding	6.00
Borrowing Agency	6.00
Trust Funds	22.70
Global Agriculture and Food Security Program	22.70

Environmental Assessment Category

B-Partial Assessment

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

- Nepal is a landlocked, low-income country with varied agro-ecological areas, high poverty levels, diverse socio-ethnic fabric and poor nutritional status.** Nepal is one of the poorest countries in the world with per capita income of US\$ 762 in 2015. Eighty % of Nepal's population reside in rural areas, and 66 % are engaged in agriculture. Nepal ranks 197th in terms of GDP per capita and 145th out of 186 countries in terms of Human Development Index. The country's agro-ecological areas are very diverse; they span the lowlands of Terai to the high mountains of the Himalaya through the mid-level hills area; these areas have specific potential for agro-economic development, and are populated by diverse ethnic groups with varied social norms. The nutritional status of Nepal's population is poor; it ranks 118 out of 162 in the world with an average daily dietary energy consumption of 2340 kilocalories per day¹.
- A new government, backed by a historic majority in Parliament, took up office on February 15, 2018.** This follows elections for all three tiers (local, state and federal) of the state architecture defined by the new constitution, marking a protracted but successful conclusion of a political transition that began with the signing of the Comprehensive Peace Agreement in November 2006. State governments largely mirror the coalition at the center. At the sub-national level, funds, functions and functionaries hitherto managed by the central, district and village authorities are moving to the seven new states and 753 local governments for which new legislation, institutions and administrative procedures are being formalized as constitutionally prescribed. Meanwhile, the central level authority is being streamlined with a focus on oversight. These exercises at state restructuring are expected to result in improved outreach and service delivery but will likely take time before they become fully operational.
- Over the past decade, Nepal's economy has performed reasonably well.** Growth averaged 4.3

¹ Hunger Portal, FAO, 2012



percent (at market prices) over 2005-15. Although declining as a share in the economy, agriculture continues to play a large role, contributing one third of value-added. The service sector has grown in importance, accounting for more than half of value-added in recent years. Industry in general, and manufacturing has grown more slowly and its relative share in the economy is falling. Similarly, exports continue to struggle, while imports are fueled by remittances which reached 30 percent of GDP. Inflation was in single digit for most of the past decade, with the peg of the Nepalese rupee to the Indian rupee providing a nominal anchor. Fiscal balances remained sustainable owing to strong revenue growth and modest spending. The incidence of poverty measured against the national poverty line fell by 19 percentage points from 2003/04 to 2010/11, and in 2010/11², 25 percent of the population was counted as poor. Most multidimensional indicators of poverty also showed improvements across regions in Nepal. However, these gains remain vulnerable to shocks and setbacks, like the 2015 earthquakes which were followed by trade disruptions resulting in the lowest economic growth in 14 years in 2016.

4. **Economic activity, which rebounded strongly in FY2017, following two challenging years, has once again been disrupted by floods affecting more than one-third of the country.** The rebound in FY2017 stemmed partly from a base effect, as well as a favorable monsoon boosting agricultural output and earthquake reconstruction gathering speed to raise investment. High inflation in the past two years moderated sharply. Government revenue continued to perform well, and spending has also picked up significantly in FY2017 compared to previous years. Nevertheless, ambitious expenditure targets envisioned in the budget have not been met and the quality of spending has not improved with 60 percent of the capital spending occurring in the last quarter. In the first half of the FY2018, the spending pressures have increased due to fiscal transfers, election spending, capital goods and expenditure to implement federalism. Inflation in February 2018 has increased to 5.0 percent (y/y) ³ percent from 2.7 percent (y/y) in August 2017. Meanwhile, rapid credit growth in early 2017 has slowed but deposits growth has continued to decline, pushing up the interest rates. On the external side, the cumulative effect of a sharp trade balance deterioration and a slow growth of remittances, is putting a significant pressure on the current account. Economic activity, which was expected to progress well in FY2018, has been affected by the worst floods in decades particularly affecting the agriculture output.

Sectoral and Institutional Context

5. **Agriculture is a major driver of Nepal's economy and the dominant source of employment; in the last two decades, agriculture growth has been instrumental for reducing poverty but insufficient to ameliorate people's nutritional status.** Over that period poverty rates declined from 42% in 1994/95 to around 25% in 2015 (ADS⁴), mainly driven by raising agricultural incomes in rural areas. However, most of this income growth can be attributed to increased commodity prices (78 %), rather than productivity increases (22%). As high global commodity prices have now largely abated, it becomes even more imperative to unlock agriculture productivity and value-addition potential as the key engine for growth, poverty reduction, and shared prosperity. Poverty is overwhelmingly rural and most of the country's poor are small-scale farmers with low nutritional status. Increase in rural incomes will continue to drive poverty reduction and improved nutrition over the medium- term.

² Recent data not available

³ Year on year

⁴ Agriculture Development Strategy (ADS, 2015).



6. **The agriculture sector exhibits persistent vulnerability to shocks, including climate change.** Agriculture's vulnerability was evidenced by the 7.8 magnitude earthquake of April 2015 which set back the country's development. The rural areas were particularly hard hit, with crop and livestock related losses and loss of post-harvest storage infrastructure. A joint GoN-UNDP assessment found that the agriculture, livestock and the small irrigation sector has experienced about 10 billion NR of losses due to the earthquake, with more than 50% of the losses attributable to the livestock sector. In September 2015, a second shock to the economy came in the form of a near complete disruption of external trade by a seven-month long blockade of borders following the adoption of the new Constitution. These events contributed to a slowdown in agricultural growth to less than 1 % in FY 2015 and 1.3 % in FY 2016, vs. annual growth rates for agriculture GDP over the previous decade of about 3 % per annum; they further exacerbated the wide fluctuation of output experienced at that time. The Climate Smart Agriculture Country Profile (2017) points to climate projections for Nepal which suggest a continued increase in mean annual temperature, a faster warming of the country's western regions, (compared to the eastern region), changes in precipitation during the monsoon period (with variations from -14 to 40%), as well as the increased likelihood of heavy precipitation events. Changes in precipitation patterns are likely to affect rainfed agricultural activities, causing significant annual yield variability, deterioration of pasture land, and higher production risks. Nepal's food system is extremely vulnerable to climate change, ranked 145 out of 188 countries in the ND-GAIN index. Climate change is also expected to increase the frequency of weather related hazards (e.g. droughts and floods), further affecting croplands and yields. Costs associated with the impacts of climate variability and extreme events are estimated at US\$ 270-360 million/year (expressed in 2013 prices), representing 1.5 to 2% of the country's GDP.

7. **Nepal's agriculture remains characterized by subsistence farming,** the use of traditional crops and methods and an excessive dependence on weather outcomes. The underperformance of the traditional systems points to the need to modernize and expand agriculture, with the view to making it more responsive to both market requirements and the nutritional needs of the domestic population. This should be achieved through a combination of increased productivity of traditional crops and animal husbandry practices, supportive inputs and services, diversification to customized, more efficient and nutritionally sensitive agriculture enterprises, and better access to market outlets.

8. **Nepal has been undergoing a gradual "feminization" in the agriculture sector,** as male farmers continue to move out of agriculture, migrating to urban areas and abroad in search of more remunerative employment opportunities. The proportion of the labor force in the agriculture sector fell from 76% in 1998/99 to 74% in 2008, and women workers occupied a majority (84%) of that share (CBS 2011). However, women continue to face extremely low gains when it comes to ownership over assets, access to resources, ability to take part in decision making processes in development initiatives, benefit from capacity building, and economic gains. The recently conducted Country Gender Assessment of Agriculture and Rural Development (FAO 2017) in Nepal shows that more than three-quarters (76.4%) of women engaged in agriculture work as unpaid family labor while 10.4% only receive in-kind payment, and 13.2% receive cash and in-kind payments. Furthermore, only 31% of female farmers received extension services in comparison to 69% of male farmers. To ensure gender equity and citizen engagement, the project will specifically target female farmers with gender focused interventions, and integrate women and other vulnerable beneficiary groups in all aspects of the project cycle, from planning, implementation to monitoring the results.



9. **The agriculture sector faces multi-faceted challenges, including, *inter alia*:** (i) low availability of good quality seed, improved animal breeds, and other farmer-level inputs; (ii) thinly spread and inadequate research & extension support and agri-met services with weak farmer linkages; (iii) low investment in productive assets, including supplementary irrigation infrastructure to reduce rain-dependence ; (iv) poor market linkages due to high transfer and transaction costs and weak market leverage and access to rural financial service by small farmers; and (v) lack of resilience of farmers to shocks due to disease outbreaks, climate and market related shocks and weak nutrition sensitiveness of agricultural interventions.

10. **Poor nutrition, food insecurity, and malnutrition continue to pose risks to Nepal's population,** despite the country's progress in reducing stunting in under five years children from 57 per cent in 2000 to 37.3 per cent in 2014 and 36 per cent in 2016 (NDHS 2016, MICS, 2014). During this period, income progressively rose and the country implemented a range of social programs addressing multiple underlying causes of malnutrition including water sanitation and hygiene (WASH), open defecation free (ODF) campaigning, family planning, medical services, deworming, and homestead food production. However, according to the Nepal Demographic and Health Survey (NDHS, 2016)⁵, stunting rates remain at a high of 36% among children under age 5, largely associated with income (49% compared to 17% of the highest wealth quintile) and with mother's education. Ten percent of children are wasted, and 27% underweight. More than half (53%) of the children age 6-59 months and 41% of the women age 15-49 are anemic (NDHS, 2016). Stunting rates peak among children aged 24-35 months (45%), when women likely discontinue breastfeeding and the child is reliant on a balanced food bowl. While the prevalence of diarrhea among children under 5 has decreased over time from 14% in 2011 to 8% in 2016, it increases with age. Six percent of children less than 6 months and 15% of children 6-11 months, suffered from diarrhea two weeks prior to the survey. This is also when children are typically introduced to complementary foods. Maternal malnutrition is a major concern in Nepal. In 2016, about 17 percent of women in the 15–49 age group were undernourished—as defined by a BMI of less than 18.5 (NDHS 2016). In 2011, 18 percent of women were undernourished (NDHS 2011). Anemia continues to be a significant problem for women and children in Nepal; 53 percent of children and 41 percent of women were anemic in 2016. It is for this reason that the project focuses on addressing practices before and during the 1,000 days (from conception to two years of age) to prevent long-term high stunting rates and related impaired health, physical and cognitive development.

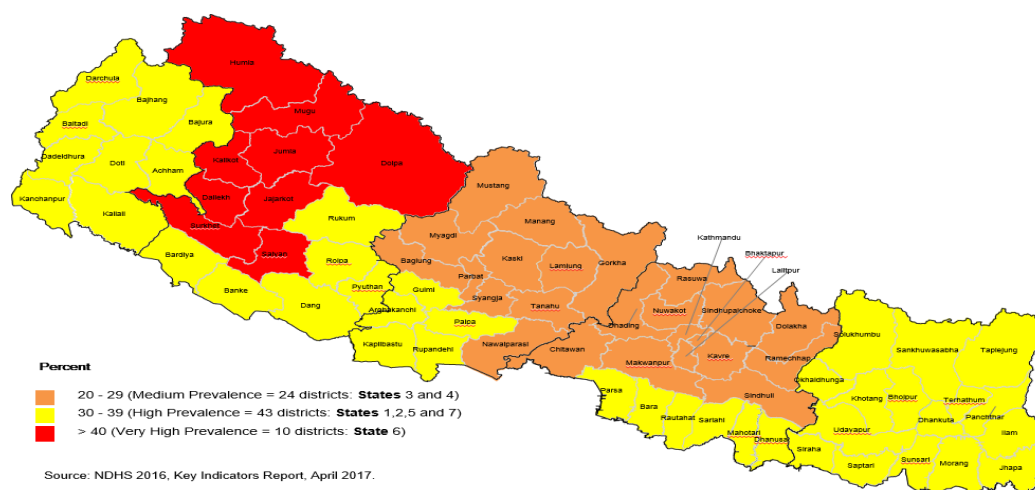
11. The manifestations and underlying causes of malnutrition differ drastically across provinces and agro-ecological zones. Inadequate maternal, infant and young child feeding (MIYCF) practices, untreated episodes of acute malnutrition, infections, inadequate access to a balanced food basket, lack of potable water, and micronutrient deficiencies all constitute immediate and underlying causes of malnutrition in Nepal. While the highest stunting rates are documented in the mountainous regions of the country, even within urban areas, rates do not dip below 32%. The terai ranks highest in incidence of diarrhea and anemia and lowest in Body Mass Index, Minimum Acceptable Diet, and consumption of meat, eggs, green leafy vegetables, Vitamin A rich fruits and vegetables. Evidence from the region suggests that coordinated efforts are required from nutrition-sensitive and specific sectors to effectively reduce stunting sustainably and particularly among the most vulnerable populations. Improving nutrition is therefore an important area as the country confronts various forms of nutritional problems ranging from deficits in energy intake to imbalances in consumption of specific macro and micronutrients. Furthermore, malnutrition has

⁵ Demographic Health Survey. 2016: <https://dhsprogram.com/publications/publication-FR336-DHS-Final-Reports.cfm>



additional economic costs through cognitive delays in children and lower economic productivity in adults. The distribution of stunting severity across different provinces is depicted in Figure 1.

Figure 1: Severity of stunting in different provinces in Nepal



12. **Achieving food and nutrition security and reducing poverty are national goals of the Government of Nepal (GoN)**, in line with commitments to realize the Sustainable Development Goals (SDGs) and Zero Hunger Challenge (ZHC). The country's agricultural development priorities are aligned with these two main goals and the Sustainable Development Agenda – particularly SDG1 and SDG2 - focusing on access to increased employment opportunities, sustainable management of natural resources, supportive infrastructures development, new avenues creation for economic growth, coping with emerging effects of climate change, social inclusion, and the development of farmer-responsive governance. Nepal has set a target of reducing stunting to 24.2% by 2025 (from 36% in 2016), in line with the World Health Assembly (WHA) target of reducing number of stunted children to 25 per cent by 2025. This will require coordinated efforts from both nutrition-specific and nutrition-sensitive sectors and differentiated approaches by region.

13. **Nepal's Agricultural Development Strategy (ADS) provides the main policy framework for the sector.** The ADS was endorsed by the cabinet of ministers in 2015 to support the GoN's vision of "A self-reliant, sustainable, competitive, and inclusive agricultural sector that drives economic growth and contributes to improved livelihoods and food and nutrition security." The ADS calls for a 4 % growth in Agriculture GDP by 2020 and 6 %by 2025, by intervening across four strategic pillars: (i) improving governance, with clear targets for improved credibility of policy commitment, engage leading stakeholders (both from government and civil society) in the formulation, implementation, and monitoring of results on the ground; (ii) increasing productivity, by developing effective agricultural research and extension, efficient use of agricultural inputs, promoting efficient and sustainable practices and use of natural resources (land, water, soils, and forests), and building increased resilience to climate change and disasters; (iii) profitable commercialization, by transforming the agricultural sector from subsistence farming towards a more commercialized sector, connected to the local, national, and international markets and (iv) enhancing competitiveness, by capturing the energy, innovation and inventiveness of the private sector and cooperative sector to spur growth and development in the sector.



14. **The ADS is aligned with the Government's 14th Periodic Plan and the Multi-Sector Nutrition Plan (MSNP).** The 14th Periodic Plan covers the period 2016/17-2018/19. It aims to make the agriculture sector competitive and move towards self-reliance through sustainable and commercial agriculture development. In addition, the 2nd phase of the MSNP guides the GoN's investment in nutrition for the period of 2018 to 2022, and details the roles of respective Ministries, including Ministry of Agriculture, Land Management and Cooperatives, Ministry of Health and Population, Ministry of Education, Ministry of Federal Affairs and Local Development, Ministry of Urban Development, Ministry of Women, Children and Social Welfare under the leadership of the National Planning Commission. The Agriculture Development Strategy (ADS) also includes a flagship report on Food Security and Nutrition, identifying a number of priority activities to improve FSN across the country. The alignment of the ADS with the Periodic Plan and the MSNP is evidence that the GoN is committed to achieving both agriculture sector development, and food security and nutrition objectives through concerted efforts. The ranking of Nepal under the Hunger and Nutrition Commitment Index⁶ (8th out of 45 countries) further testifies to the strong commitment of the GoN to tackle hunger and malnutrition. Under that index, the country-level estimates⁷ of domestic allocation to nutrition ranged from 0.06 to 9.23 % in 2016 with a mean allocation of 2.1 %; Nepal ranked in the top five countries with a 3.59 % allocation.

C. Proposed Development Objective(s)

15. The Project Development Objective (PDO) is **to enhance climate resilience, improve agricultural productivity and nutrition practices of targeted smallholder farming communities in selected areas of Nepal.**

16. **Climate resilience** in this project is defined as beneficiaries' ability to withstand and recover from climatic shocks, particularly droughts and rainfall. This would be achieved through the application of CSA practices as well as diversification in crops grown, and additional income generated. The project will deliver on CSA's "triple-wins" through: (i) sustainable increase in productivity and farm incomes (food security); (ii) enhanced resilience to impacts of climate change and variability (adaptation); and (iii) reduced GHG emissions per unit of product, and increased carbon sequestration (mitigation). This approach will help: (i) optimize the management of different CSA interventions depending on local natural resources and livelihood systems (agriculture, livestock); (ii) take into account the external environment (devolved governance structure, policies, strategic plans, regulations, markets, among others) that might influence relationships between stakeholders; and (iii) encourage inclusive stakeholder consultations (farmer groups, vulnerable and marginalized groups, service providers, input suppliers, CBOs, and government agencies, among others) to strengthen institutional capacity (at national, municipality and community levels) and enhance service delivery.

D. Project Description

17. **The project will follow a holistic approach** to improve the food and nutritional situation and the productive, income generating capacities of targeted poor and vulnerable smallholder farming communities in the project areas. This will be achieved by promoting climate resilience, sustainable

⁶The Hunger and Nutrition Commitment Index (HANCI) ranks governments on their political commitment to tackling hunger and under-nutrition. (www.hancindex.org)

⁷As mentioned in the Global Nutrition Report 2016



production practices, and commercial viability as well as increasing availability and access to diverse food. The project activities will go beyond a traditional food supply chain approach and be integrated in a food system approach that considers the provision of safe and nutritious food as the foundation for human health and well-being, physical and cognitive development and economic productivity. The design of the components of the project is based on the lessons learnt from the implementation of ongoing projects including the recently closed Agriculture and Food Security Project (AFSP) funded by the Global Agriculture and Food Security Program (GAFSP). Other lessons and experiences from other similar projects in Nepal were also considered to identify the components for this project. The operational modality and approach is multi-disciplinary, engaging different GoN agencies across sectors (Agriculture, Livestock, and Health Ministries), in line with Nepal's Multi-Sectoral Nutrition Plan (MSNP).

18. The Project will have four interrelated components: (i) *Climate and Nutrition Smart Technology adaptation and dissemination*; (ii) *Income generation and diversification*; (iii) *Improving nutrition security*; and (iv) *Project management, communication and M&E*. These components combined will enhance the role of the agriculture sector in contributing to socio-economic development, including sustained improvement in the key dimensions of food and nutrition security (i.e., availability and stability of food supply), accessibility and food safety. Gender equity, social inclusion and citizen engagement, building resilience to climate and other risks, will be crosscutting themes across all components.

COMPONENT A: Climate and Nutrition Smart Agriculture Technology Adaptation and Dissemination (US\$ 7 million).

19. Component A's objective is to improve productivity and post-harvest management of crops and livestock by promoting appropriate climate smart and nutrition sensitive technologies through improved extension and research services and efficient dissemination to producer groups. Particular attention will be given to ensure inclusion of women and youth, and other vulnerable segments of the rural population, in addition to strengthening the decentralized government structures to ensure effective service delivery at the local level. This component will consist of 2 sub-components, i.e.:

20. Sub-component A1: Technology adaptation and testing: will focus on appropriate CSA and nutrition sensitive agriculture technologies, improved inputs (foundation seeds, and animal breeds) and improved agronomic, husbandry and post-harvest practices, taking into account nutrition value and food safety considerations, including responsible use of antibiotics to reduce resistance risks and crop storage and management practices to reduce aflatoxin risk. This sub-component will entail active collaboration with the Nepal Agricultural Research Council (NARC), and the Department of Food technology and Quality Control (DFTQC), and private seed and breed multiplier farmer groups.

21. Sub-component A2: Technology dissemination and farmers' skills development. This sub-component's objective is to enable farmers to master the management skills (Good Agricultural Practices-GAPs) required for sustainable production diversification and intensification of agriculture practices and post-harvest processing. It aims to give farmers the practical skills required for informed decision-making based on accurate problem analysis in their local contexts. Under this sub-component the project will support (a) streamlined FFS for crop and livestock production and adoption support, (b) demonstrations and field days, and (c) strengthening of advisory services and skill development.



22. **COMPONENT B: Income Generation and Diversification (US\$ 7 million).** Component B's objective is to improve and diversify the income generating capacity of targeted beneficiaries by reducing transaction costs through investments in critical business skills and productive assets, supporting value-added activities, and building market linkages. This component will consist of 2 sub-components, i.e.:

23. Sub-component B1: Strengthening Producer Groups: which aims to organize and strengthen producer groups representing the targeted farmers by organizing them around commodities of common interest, and enhance their capacity in terms of governance, leadership skills, group dynamics, decision-making, problem-solving and risk management, book-keeping, meeting organization, agricultural seasonal planning, marketing, value addition, food safety, preparation of simple business plans, and simple monitoring and evaluation.

24. Sub-component B2: Market linkages through Productive Alliances (PAs): which aims to consolidate the linkages between Producer Organizations (POs) and Agri-Business Enterprises (ABEs) supporting both input and output markets, including micro, small and mid-size enterprises (MSMEs), traders, and Rural Financial Institutions (RFIs) through the provision of financing for simple business plans developed under Sub-Comp. B1. A Matching Grant (MG) scheme will be implemented to finance eligible business plans (BPs) that demonstrate real potential for marketing and income generation for the target beneficiaries; contribute to building climate resilience; and include investments to enhance food safety.

25. **COMPONENT C: Improving Nutrition Security (US\$ 5 million).** This component aims to help address the underlying causes of malnutrition by making the food system responsive to these causes with the view to providing adequate, safe, diversified and nutrient-rich food. Under the new federalized context, the project will support an enabling environment for improved service delivery including technical backstopping and strengthened coordination. Building extensively on the experience gained from ASFP and the World Bank supported Social Safety Nets-Poverty Alleviation Fund (SSNP-PAF) pilot on nutrition interventions, the project will work directly with communities including Female Community Health Volunteers (FCHVs) using a community-driven, skill-based learning approach known as 'Nutrition Field School' to remove barriers for improved dietary and care practices by supporting a package of inputs and services complemented by behavior change communication for improved utilization of available foods, care practices, food safety, access to public health services etc. This component will consist of 2 sub-components, i.e.:

26. Component C1: Institutional Capacity Strengthening: based on a capacity needs assessment and a participatory diagnostic of the causes of malnutrition, the project will support sub-national government nutrition and food security coordination networks and public outreach delivery in the project areas.

27. Component C2: Nutrition Field School (NFS) and Home Nutrition Gardens (HNG): under this sub-component, a skill-based learning approach, known as NFS, will be supported in each target community, following behavior change theory in order to remove barriers and identify catalysts for improved food-based nutrition practices. Building on Nepal's long tradition of users' group formation and social mobilization, the project will work with and strengthen current community institutions, particularly women's groups through the Female Community Health Volunteers (FCHV).

28. **Component D: Project management, communication and M&E (US\$ 3.7 million).** Component



D's main objectives are to: (i) ensure effective strategic and operational planning, implementation, and Monitoring & Evaluation of project activities, and attendant efficient use of funds, as well as coordination of interventions across components A, B and C implemented by participating stakeholders and strategic partners (e.g. FAO); (ii) evaluate the Project's outcomes and impacts on beneficiary groups, with special focus on mid-term and final results; and (iii) communicate efficiently to various public and private entities on project activities, outcomes, best practices and lessons learnt.

29. **COMPONENT E: Contingency Emergency Response (US\$0 million).** In accordance with the World Bank's operational policy (OP10.00, paragraphs 12–14), for situations of urgent need of assistance that may arise during the life of this project, this component will allow for rapid reallocation of project proceeds in the event of a natural or man-made disaster or crisis that has caused or is likely to imminently cause a major adverse economic and/or social impact. To trigger this component, the government must declare an emergency or provide a statement of fact justifying the request for the activation of the use of emergency funding. To allocate funds to this component, the government may request the Bank to reallocate project funds to support response and reconstruction. If the World Bank Group agrees with the determination of the disaster and associated response needs, this proposed component would allow the government to request the Bank to re-categorize and reallocate financing from other project components to cover emergency response and recovery costs. This component could also be used to channel additional funds should they become available because of an emergency.

E. Implementation

30. The implementation arrangements will follow the existing arrangements for the ongoing GAFSP project, but will build in sufficient flexibility to accommodate the changing institutional setup of the governance structures in the country. The Ministry of Agriculture, Land Management, and Cooperatives (MoALMC) will be the executing ministry and will work closely with the MoHP to implement the project. At the central level, the project will include: i) the existing AFSP Steering Committee (SC), strengthened by a representative of the Ministry of Federal Affairs and General Administration (MoFAGA), will provide strategic oversight and guidance, ii) a Technical Coordination Committee (TCC) to provide technical guidance and recommendations to the SC, and iii) a PMU for day-to-day project administration and management. At the decentralized level, the project will have: i) State level Coordination Committees (SLCCs, 3) to ensure cross-sectoral coordination and quality assurance at the State level, ii) Municipality Cluster Project Support Units (MCPSUs, 4) in each of the targeted municipality clusters to ensure smooth activity implementation, monitoring, and coordination at the local (ward) level. For the implementation of specific interventions, the Project will collaborate closely with specialized technical departments (Department of Agriculture, Department of Livestock Services, Department of Irrigation, Department of Health Services, Department of Food Technology and Quality Control, etc.), other relevant public agencies (Nepal Agricultural Research Council, National Seed Board), and non-governmental organizations. All requisite short or long term national/international consultants will be appointed to support the project units at various levels.



F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

While the broad geographic areas for project interventions have been pre-identified, the exact locations for project interventions are not known at this stage. Based on the experiences and lessons learnt from the recently completed Nepal Agriculture and Food security project (NAFSP, P128905), the proposed project is designed to primarily focus on about 8 district of Nepal. Four of the 8 districts have been affected by the two consecutive earthquakes in recent years, resulting into loss of economic and livelihood opportunities for the vulnerable populations. The remaining 4 terai districts are vulnerable to natural disasters such as flood and drought frequently impacting agricultural production activities, eventually leading to risk of food and nutrition insecurity, high rate of under-nutrition and micro-nutrient deficiencies and limited livelihood opportunities for vulnerable and disadvantaged populations. At this stage, some environmental and social adverse impacts are anticipated. Both environmental and social safeguards issues will be identified and managed based on the Environment and Social Management Framework (ESMF) approach, which has been built on the SMF and EMF implemented for the recently completed NAFSP project. This ESMF has been updated to include experiences and lessons learnt from the earlier project interventions and resulting impacts. Furthermore the framework includes necessary provisions to spell out additional safeguards tools which will be used throughout the project. life.

G. Environmental and Social Safeguards Specialists on the Team

Ishwor Neupane, Social Safeguards Specialist

Jun Zeng, Social Safeguards Specialist

Annu Rajbhandari, Environmental Safeguards Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Environmental Assessment (OP/BP 4.01) is triggered because the subprojects/ activities, although small in scale, may have adverse impacts on natural environment, human health and safety. An Environmental and Social Management Framework (ESMF) will be prepared to provide guidance for environmental and social assessment and management. It provides details on procedures, criteria and responsibilities for subproject screening, preparing Environmental and Social Impact Assessment (ESIA), preparing of subproject specific



		Environmental Management Plans, consultations, reviews, and clearances and monitoring procedures.
Performance Standards for Private Sector Activities OP/BP 4.03	No	
Natural Habitats OP/BP 4.04	Yes	Although subproject/activities are unlikely to be implemented in the protected area, this OP is triggered as a precautionary step because there are protected areas/ known natural habitat in project districts/ regions. However, it is highly unlikely that the project activities will impact or transform any natural habitat. The ESMF will include the screening procedures to identify the potential impacts on natural habitats and to propose necessary mitigation measures.
Forests OP/BP 4.36	Yes	This is triggered because pressure on forests may increase due to livestock promotion, and some micro-infrastructure may be located in forested areas.
Pest Management OP 4.09	Yes	Even though the project is not envisaged to support purchase of chemical pesticides 4.09 is triggered as a precautionary step because activities aimed at increasing agriculture productivity could induce use of (or increase existing use of) agro-chemicals.
Physical Cultural Resources OP/BP 4.11	No	Physical Cultural Resources (OP/BP 4.11) has not been triggered as the project areas are not expected to contain physical cultural resources. Nonetheless, it is proposed that ESMF should include the screening procedures to identify the unrecognized cultural resources and chance find procedures.
Indigenous Peoples OP/BP 4.10	Yes	This OP is triggered because there is presence of indigenous peoples group in the districts selected for this project. The ESMF prepared for this project will include a Vulnerable Community Development Framework (VCDF) which will part of the ESMF as a stand-alone annex and reflected in the ESMF table of contents. The VCDF offers specific guidelines to ensure that any adverse effects of the project are avoided or minimized, that Indigenous Peoples (and other vulnerable groups) receive culturally appropriate social and economic benefits, and that



		each project activity entails free, prior and informed consultations with these groups.
Involuntary Resettlement OP/BP 4.12	Yes	Some small-scale infrastructure provision is expected under Components A and B investments (including new construction or rehabilitation of last mile rural access/feeder roads and small-scale irrigation infrastructure), which may induce land acquisition. Hence OP 4.12 will be triggered and a Resettlement Policy Framework (RPF) will be prepared with the ESMF to provide guidance for the preparation and implementation of site specific Resettlement Action Plans (RAP) as and when required. RFP will be part of the ESMF as a stand-alone annex and reflected in the ESMF table of contents.
Safety of Dams OP/BP 4.37	No	The project will not construct or rehabilitate any type of dams.
Projects on International Waterways OP/BP 7.50	No	This policy is not triggered as the project does not involve the use or potential pollution of any international waterways (rivers).
Projects in Disputed Areas OP/BP 7.60	No	This policy is not triggered as the project is not located in disputed areas.

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

No potentially large scale, significant and/or irreversible environmental and social impacts have been identified by the Environmental and Social Management Framework. Some activities may have limited environmental impacts – these activities are either Category B or Category C (no Category A activity is expected). Safeguards policies that are triggered under this project include:

OP/BP 4.01 Environmental Assessment;
 OP/BP 4.04 Natural Habitats;
 OP/BP 4.36 Forests;
 OP/BP 4.09 Pest Management;
 OP/BP 4.10 Indigenous People; and
 OP/BP 4.12 Involuntary Resettlement

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

The assessment made as part of the Environmental and Social Management Framework does not indicate long-term, potentially significant and large scale adverse environmental or social impacts due the proposed project activities. Soil



degradation, pressure on forests from livestock and induced/ increase in the use of pesticide are some of the issues identified by the ESMF. However, these risks are limited in nature, and the ESMF already has provisions to avoid or minimize and mitigate even the limited risks, for example WHO Category I and II pesticides are not permitted, stall feeding will be promoted, activities located in or dependent on resources from protected area are ineligible etc. On the social front, presence of vulnerable communities, including indigenous people, and the possible need to acquire additional land under the project have been identified in the social assessment. Accordingly, the ESMF developed for the project and also the overall design of the project seeks to maximize project benefits to local communities, including vulnerable groups, minimize adverse effects of project interventions, and ensure the participation of vulnerable groups in all phases of project cycle. Further, in terms of acquisition of land, the ESMF specifies that either public land will be used or will be made available through voluntary donation.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

N/A

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

An Environmental and Social Management Framework (ESMF) has been prepared to provide guidance for management of environmental and social issues. This ESMF has been built on the SMF and EMF of the recently closed NAFSP project, and includes experiences and lessons learnt from the earlier project to ensure better safeguard performance. This ESMF defines approach for identifying the environmental and social issues associated with the project activities, sets the requirement for conducting environmental and social screening and environment and social assessment studies (IEEs/EIAs), preparation of ESMPs and other measures to prevent, mitigate and manage adverse impacts and enhance positive ones. The ESMF also outlines the detailed process for the consultations, reviews, clearances, monitoring and reporting measures.

The main implementing agency for the project is the Ministry of Agriculture, Land Management, and Cooperatives (MoALMC). The MoALMC has a Gender Equity and Environment Division (GEED) which has some hands-on operational experience and expertise in addressing environmental and social safeguard issues from the recently implemented and completed AFSP, as well as an IDA supported PACT project. Through these projects, safeguard awareness and capacity at the central and decentralized levels have been strengthened to a certain extent. The capacity will be further strengthened through the provisions of environmental and social specialists in the PMU and cluster offices along with the activities such as orientations, training and human resources support. The PMU and cluster based social and environmental specialists will assist the project director for ESMF compliance, provide training and technology transfer to recipient entity, conduct IEE/EIA of project as deemed. These will have to be complemented by further incorporating capacity strengthening measures such as allocation of resources to upgrade social and environmental capacity of GEED, provision of human resources at center and municipalities, targeted orientations on the ESMF as well as availing project resources for hiring need-based environmental and social development services.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The safeguards planning including the screening will be carried out for all subprojects. The affected people, community leaders, elected representatives of the local government bodies will be consulted to identify the safeguards issues and mitigate the impacts as specified in the ESMF. In case of indigenous and vulnerable



communities, free, prior and informed consultations will be carried out and all information will be documented properly. Formal and informal consultative methods will be used for consultations for FANSEP subprojects including, but not limited to: focus group discussions (FGDs), public meetings, meeting with user's group, Key Informant Survey, community discussions, and in- depth and key informant interviews. All the documents including IEE/EIA, SIA, RAP, VCDP, ESMPs will be disclosed as per GON and World Bank's requirements.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
07-May-2018	09-May-2018	

"In country" Disclosure

Resettlement Action Plan/Framework/Policy Process

Date of receipt by the Bank	Date of submission for disclosure
07-May-2018	09-May-2018

"In country" Disclosure

Indigenous Peoples Development Plan/Framework

Date of receipt by the Bank	Date of submission for disclosure
07-May-2018	09-May-2018

"In country" Disclosure

Pest Management Plan

Was the document disclosed prior to appraisal?	Date of receipt by the Bank	Date of submission for disclosure



NA

"In country" Disclosure

If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.

If in-country disclosure of any of the above documents is not expected, please explain why:

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?

No

OP/BP 4.04 - Natural Habitats

Would the project result in any significant conversion or degradation of critical natural habitats?

No

If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?

No

OP 4.09 - Pest Management

Does the EA adequately address the pest management issues?

Yes

Is a separate PMP required?

No

If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?

NA

OP/BP 4.10 - Indigenous Peoples



Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?

No

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

No

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

NA

OP/BP 4.36 - Forests

Has the sector-wide analysis of policy and institutional issues and constraints been carried out?

NA

Does the project design include satisfactory measures to overcome these constraints?

NA

Does the project finance commercial harvesting, and if so, does it include provisions for certification system?

NA

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes



All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

CONTACT POINT

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APPROVAL

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