THE WORLD BANK

ENVIRONMENTAL AND SOCIAL SYSTEMS ASSESSMENT (ESSA)

FOR THE

SIKKIM: INTEGRATED SERVICE PROVISION AND INNOVATION FOR REVIVING ECONOMIES PROGRAM (INSPIRES)

Project ID: P180634

Decision Meeting Draft

[SEPTEMBER 2023]

Contents

LIST OF ACRONYMS

CFC	Common Facility Centre
DLI	Disbursement Linked Indicators
DLRs	Disbursement Linked Results
DPD	Development and Planning Department
ECoP	Environment Codes of Practice
EHS	Environment, Health and Safety
ESMP	Environment and Social Management Plans
ESSA	Environment and Social Systems Assessment
FGD	Focus Group Discussions
FLFP	Female Labor Force Participation
GoI	Government of India
GoS	Government of Sikkim
GP	Gram Panchayats
IEIP	Integrated Economic Inclusion Plans
IHM	Institute of Hotel Management
IHCAE	Indian Himalayan Centre for Adventure and Eco-tourism
IPF	Investment Project Financing
IVA	Independent Verification Agent
KII	Key Informant Interviews
MODNER	Ministry of Development of North Eastern Region
NER	Northeastern Region
NOS	National Occupational Standards
NSQF	National Skills Qualification Framework
OHS	Occupational Health and Safety
PDO	Program Development Objective
PforR	Program for Results
PMU	Program Management Unit
PwD	Persons With Disabilities
QPs	Qualification Packs
RDD	Rural Development Department
SDD	Skills Development Department
SEA/SH	Sexual Exploitation and Abuse/Sexual Harassment
SICB	Sikkim Institute for Capacity Building
SCRD	Sikkim Institute for Rural Development
SSC	Skill Sector Councils
SC	Scheduled Castes
ST	Scheduled Tribes
W&CD	Women and Child Development

EXECUTIVE SUMMARY

Program Context: In the last decade, Sikkim's economic production has shown a shift out of agriculture into manufacturing and services which now contribute 51% of the state's GDP compared to 8% from agriculture. Particularly, sectors such as tourism, pharmaceuticals and hydropower have registered remarkable growth rates and offer considerable potential for non-farm wage employment and entrepreneurship opportunities. However, employment transformation in Sikkim significantly lags behind economic transformation, particularly for women and youth, with over 70% of the state's workforce still employed in agriculture. Sikkim has one of India's highest rates of female labor force participation (FLFP) at 58% but there are many challenges. Women in Sikkim continue to be employed in low paying jobs mostly in agriculture while only about 3% is employed in the manufacturing sector. Women's urban labor force participation is 34% which is much lower compared to the rural labor force participation which is 64%. Also, unemployment rate for young women in urban areas is considerably higher than for young men. Women-led enterprises in Sikkim face challenges in the areas of sustainability, autonomy, formalization, and employment generation. Less than one-fifth of enterprises in Sikkim are women-led, mostly in trade and services in low-return sub-sectors and remain at subsistence levels and lack growth-orientation. With regard to Sikkim's youth, despite high primary educational attainment, unemployment remains high. While access to basic education is nearly universal in Sikkim, it drops at the upper-secondary level. In 2022, the unemployment rate for youth (15-29 years) was about 13% and almost 41% of Sikkim's youth population were employed in agriculture, with limited opportunities to transition to gainful employment in non-farm sectors. Overall, Sikkim's economy is reflective of a clear mismatch between the aspirations of women and youth and creation of jobs, which is likely to impede sustainable growth for the state.

Government Program: The Government of Sikkim (GoS) has embarked on a mission to initiate policy, program and institutional reforms for inclusive growth and economic inclusion of women and youth across four pillars: (i) short-term skilling including socio-emotional and psychological skills in emerging sectors; (ii) entrepreneurship support in non-farm sectors; (iii) delivery of enabling services in care, mental health, financial and digital integration and (iv) state capabilities for integrated and intensified service delivery. The Government Program will include a multitude of multi-sectoral schemes providing employment opportunities for women and youth through skill building, enterprise support, infrastructure development and service delivery intervention.

The World Bank (WB) Program: The proposed Integrated Service Provision and Innovation for Reviving Economies Program (INSPIRES), which is a Program for Results (PforR), will support the GoS' efforts to boost economic inclusion of women and youth. The Program Development Objective (PDO) is to promote economic inclusion opportunities for women and youth in non-farm sectors. The Program proposes to address bottlenecks for economic inclusion through: (i) strengthening state-level and district-level planning capacities and mechanisms; (ii) promoting targeted skilling and entrepreneurship in emerging sectors; and (iii) enhancing delivery of support services for creating an enabling ecosystem for economic inclusion of women and youth in the state.

The WB Program will support three Result Areas (RAs) that will contribute towards the achievement of the PDO.

1. **Strengthened state systems to deliver inclusive growth:** RA1 will support strengthening of the state's strategic framework on inclusive growth and economic inclusion by incentivizing

coordination, evidence-based planning, partnerships with non-state actors and strengthening monitoring and evaluation (M&E) systems.

2. **Improved employment linkages for women and youth in priority sectors:** RA2 will complement existing state government initiatives on skills training and entrepreneurship support through: (i) targeted investments to expand short-term skills training offered in priority sectors (tourism, green jobs, IT/ITeS, hospitality & wellness, care and creative design); (ii) training to placement support; (iii) entrepreneurship development including OAE to SME linkages and (iv) enterprise support in non-farm sectors and priority sectors for women and youth.

3. **Enhanced delivery of enabling services for economic inclusion of women and youth:** RA3 will incentivize delivery of enabling services to promote economic inclusion outcomes for women and youth through 'Integrated Economic Inclusion Plans' (IEIPs) at the district level.

Program Implementation: The Sikkim INSPIRES Program will be anchored with the Planning and Development Department (PDD), Government of Sikkim. The program management structure will include a (i) Program Governing Committee, consisting of high-level representation from key departments to govern and steer activities of the INSPIRES program for timely achievement of desired outcomes, (ii) Program Co-ordinating Committee, consisting of representatives of the directorates of the various department, to provide overarching guidance to the Project Management Unit and monitor progress and (iii) Program Management Unit (PMU) headed by a Project Director and key staff, including a specialist for environmental and social (E&S) risk management, to ensure timely co-ordination and implement of the INSPRES program. The E&S specialist will be responsible for coordinating E&S activities as well as capacity enhancement of relevant stakeholders for social inclusion, stakeholder engagement and grievance redressal.

Environment and Social System Assessment: An Environmental and Social Systems Assessment (ESSA) of INSPIRES was undertaken by the World Bank, with inputs from GoS representatives at various levels. The ESSA identified the risks and opportunities and confirmed compatibility of the Program with the first five core principles for assessing PforR investments: (1) E&S management systems, (2) natural habitats and physical cultural resources, (3) public and worker safety, (4) land acquisition and livelihoods, and (5) the needs and concerns of vulnerable groups. The sixth core principle was found to be 'not applicable'. The ESSA included a review of the capacity of the existing national and state systems in complying with the core E&S principles of the Bank's PforR policy, identify gaps and propose measures to ensure sustainability of Program investments. The key findings of this assessment are based on desk review of relevant systems documents and meetings with GoS officials at the state and district levels, along with focus group discussions (FGDs), Key Informant Interviews (KIIs) with relevant stakeholders (f.i. contractors, homestay owners, and trainees), questionnaire-based surveys with priority departments, and consultations carried out in Sikkim. Field visits and discussions with stakeholders were carried out in three out of the six districts in the state and included site visits to potential last-mile connectivity roads, a livelihood school and an ongoing rural road construction by the Rural Development Department. A consultation on preliminary findings of the ESSA was held with the PMU staff and the nodal officials from priority departments in July 2023. A final ESSA consultation workshop with a broad cross section of stakeholders was held on September 20, 2023, where the ESSA findings were disseminated and discussed. The final ESSA will be disclosed, with all comments incorporated, on the WB's external website and on PDD website.

Risk Assessment: The key activities which may have E&S implications include: a) Upgradation/ Operation and Maintenance (O&M) of feeder roads and last-mile connectivity roads[1]; b) Upgradation/ refurbishments of the State Institute of Capacity Building (SICB) and livelihood schools; c) Upgradation of Common Facility Centres (CFCs) and common facilities for entrepreneurs; d) IT connectivity/ optical-fiber connectivity (OFC) in one district;[2] and e) increased tourist inflows with the expansion of eco-tourism. Based on the ESSA analysis and the anticipated scale and nature of E&S effects, INSPIRES has been categorized as 'moderate' E&S risk. Overall, INSPIRES will have a net positive environmental outcome and will lead to (i) reduced dependence on natural resources by poor and vulnerable as their financial security improves with increased opportunity for economic inclusion, (ii) facilitating transition to a green economy by making the required skills available in the labor market (iii) fostering change towards eco-friendly approaches to economic production and thereby help mitigate climate change and (iv) supporting climate resilience and sustainability through economy's dependence on climate sensitive sectors. The Program will not have significant or irreversible environmental impacts and the most prevalent environmental issues will be (i) dust, noise, vibration, construction debris & wastewater disposal, vegetation removal, OHS issues etc. related to upgradation and renovation feeder roads and last mile connectivity roads, renovation and maintenance of SICB, livelihood schools and CFCs as well as expansion of fibre optic connectivity in one district (ii) disposal of e-waste (iii) increase waste generation and natural resource exploitation due to expansion of the eco-tourism footprint, all of which can be managed with mechanisms in place for sound environmental planning and monitoring.

The overall social impacts of the Program are likely to be positive through improved access to economic growth opportunities for vulnerable and disadvantaged groups (such as scheduled tribes (STs), scheduled castes (SCs), Persons with Disabilities (PwDs), youth at childcare institutions, and remote communities, among others); improved awareness and participation leading to enhanced planning capacity at the district-level; strengthened functionality and access of the state's grievance redressal mechanism (GRM); and improved labor management at construction sites. Potential social risks related to the Program include: (a) worker and public safety risks in case of non-compliance by contractors for the proposed civil works, particularly given the hilly areas/terrain; (b) intra-district variations in management of E&S risks, including land, labor and SEA/SH; (c) potential exclusion of vulnerable groups and those residing in remote areas due to lack of information and/or awareness; (d) potential SEA/SH risks for female construction workers and female trainees in case of interface with laborers (both local and migrant) and other communities in the vicinity; (e) likelihood of community members facing temporarily restricted access to areas under civil works; (f) low participation rate and high dropout rates of trainees/students from vulnerable groups in certain remote districts, such as Gyalshing; (g) lack of clear two-way information flows/ communication pathways for sustained beneficiary/ citizen engagement; (h) limited influx of semi-

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[1] Sites for proposed civil works will be determined during implementation through IEIPs, which will integrate E&S considerations to inform site selection. The Tourism department will undertake only upgradation/O&M of existing feeder roads leading to homestays by metaling them. This work will not entail any widening from the existing width of 3.75 meters. The typical length of the feeder roads is expected to be between 1 and 2 kilometers. The rural development department will undertake upgradation/O&M of existing rural footpaths for connecting remote villages to the road network. This upgradation work will be undertaken in convergence with the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme. The proposed works would involve widening of existing rural footpaths of average length 4 feet by 2 to 3 feet. Both departments have in-house engineers who will be responsible for designing the roads and monitoring the work awarded to the contractors.

[2] For OFC, the IT department would contract works for erection of poles and the cables would be strung from those poles. This would be undertaken along the existing right of way of the national highway in one district of the state. No trenching will be done to lay the cables as the network will be overhead. The minor civil works for upgradation/refurbishments of SICB, livelihood schools and upgradation of CFCs and common facilities for entrepreneurs will be undertaken by the Public Works Department (PWD).

skilled laborers for civil works related to OFC; and (i) high prevalence of substance abuse leading to difficulty in employee retention.

For feeder roads/last-mile connectivity roads, the proposed interventions would be limited to upgradation/O&M of existing roads on Government lands free from any encumbrances. Land-taking, if any, will be of a minor nature and shall be taken through donation from individuals/communities. The Zilla Panchayat representative shall ascertain voluntariness of such donations and also ascertain that it does not lead to significant adverse impacts on the livelihood of the household. No new road construction will be undertaken. The ESSA includes clear E&S exclusion criteria for the scale and nature of civil works. The SEA/SH risk rating was assessed to be 'moderate' for the PforR component.[3]

Systems Assessment: The ESSA found that the overall policy, legislative and regulatory framework and the available technical guideline of the borrower is comprehensive and contribute to environmental and social sustainability with respect to the Program. The EIA notification 2006 mandates a system of national/state level environmental clearance for a list of development projects depending on factors such as size, location and capacity. However, civil works supported by the Program will be small scale and limited to rehabilitation works within existing footprint, and therefore the requirement to obtain formal environmental clearance from the State Environmental Impact Assessment Authority (SEIAA) or the State Pollution Control Board will not arise. There are government rules and guidelines for ensuring occupation health and worker/public safety. The Public Works Department (PWD), who will be contracted to carry out some of the civil works under the Program will cover basic site-level environmental management and occupational safety as per their Works Manual and general conditions of the work contracts. Further, national building codes and Sikkim building construction regulations 2022 cover several environmental aspects and integrates constructional safety from a number of risks including landslide risks. However, there are instances of inconsistent application of these provisions resulting from lack of awareness, variations in capacities of sub-district officials, monitoring, etc. resulting in site-level issues. The country has a very comprehensive policy and regulatory framework for a coordinated and structured approach to skill development that covers integration of EHS aspects into training curricula. The E-Waste (Management) Rules 2016, plastic waste management rules 2016 and solid waste management rules 2016 comprehensively cover waste management issues arising from the implementation of the program. For E-waste, the Government of Sikkim has a collection routine from all government departments. Sikkim has a comprehensive policy framework for sustainable tourism development, focused on the conservation of its unique biodiversity and culture, supported by various guidelines for community-based tourism. These policies are supported by several laws and regulations that are aimed at conserving and protecting sensitive ecosystems such as the biological rules (2006). Some of the key regulatory and institutional measures recommended by the Eco-Tourism policy (2011) are yet to happen, which presents a gap in enforcing rules in sustainably expanding the eco-tourism footprint.

The Program implementing departments demonstrate a good understanding of sustainability concerns and process around it. However, other than the Department of Forest and Environment, the other priority departments have limited in-house capacity to plan, assess and manage environmental risks from development investments. Given the nature and scale of program activities (carrying a moderate environment and social risk), national and state level regulations and processes will not be adequate to

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[3] The SEA/SH risk assessment tool for Social Protection in the context of India was used for the risk rating.

ensure environment and social risk management. Further, overlapping mandates and weak inter-agency co-ordination could pose a challenge to a collaborative approach to addressing issues in a holistic manner. As such, the assessment has revealed in order to meet requirements of core principle 1 (World Bank PforR Guidance) E&S risk mitigation would be ensured through integrating E&S screening and E&S codes of practice for better management of land, worker and public safety issues, etc. within program activities.

The assessment revealed that to meet the requirements of core principle 4 on land acquisition and resettlement, a robust screening mechanism will be required to identify any potential adverse social impacts, which is currently lacking. In terms of labor, standard clauses on labor management are integrated in the contractors' contracts/ bid documents. As per current practice, the implementing departments are also required to obtain a clearance from the labor department before any payments are made to the contractor. However, there is currently limited provisioning for site-specific E&S risk management nor are Occupational Health and Safety (OHS) of workers and public safety monitored effectively at the sites. The priority departments have systems for stakeholder/beneficiary engagement, grievance redressal, and social inclusion. These would need to be further strengthened for the community, including through a dedicated behavior change and communication strategy. The strategy would include measures for differentiated needs of vulnerable groups and ensure extensive consultations and engagement of relevant stakeholders during planning, implementation, and monitoring of Program activities.

Grievance Redressal Mechanism (GRM): Currently, the priority departments have an existing statutory GRM. A grievance redressal officer has been designated by all departments. In the case of SICB, a private company has been contracted for addressing grievances received from trainees. However, there is currently a lack of multiple channels to register grievances; procedures to log/record/acknowledge complaints, clear communication on response process and expected time; and clearly defined escalation and appeals procedure.

Key Gaps: The ESSA analysis has identified the following key areas of gaps in the borrower's system for action to ensure the Program is aligned with the core principles applicable to the Program: (i) lack of in-house capacity for environmental planning among a majority of the Program implementing agencies; (ii) lack of enforceable regulations, standards and rules of operation for eco-tourism expansion; (iii) lack of adequate screening and monitoring mechanisms to ensure contractors' compliance with OHS measures for workers and public safety; (iv) lack of adequate screening mechanisms for management of E&S risks, including land, labor and SEA/SH; and (v) limited coordination across GRMs across priority departments and implementing agencies.

The following key measures are recommended to mitigate some of the gaps highlighted by the ESSA:
1. Exclusion of high-risk activities such as: construction/major civil works within and in proximity of areas such as forests, wildlife habitats and other ecologically sensitive areas; social sector and infrastructure investments in high mountainous areas; activities/major civil works which would require land acquisition and/or resettlement; activities that would result in large-scale changes in land use or access to land and/or natural resources; construction where private land acquisition is required or any land for which clear title or any recognizable claim is not available with the government; activities leading to marginalization or social conflict; activities that would have adverse impacts on land and natural resources subject to traditional ownership or under

customary use or occupation or common property resources; or cause relocation of Indigenous People/tribal communities or have significant impact on them.

2. Development of environmental management and monitoring guidelines to enable uniform management of anticipated environmental impacts and OHS issues. The guideline will include an environmental and social screening checklist (including SEA/SH risk screening), environmental and social codes of practice for minor civil works and standard formats for monitoring. The Guideline will be a part of the Program Operations Manual (POM).

3. Undertake a baseline assessment to map homestays and eco-tourism practices to inform implementation of the state's ecotourism policy. It should evaluate impacts of eco-tourism in Sikkim thus far to identify gaps/measures to ensure sustainability of the industry. It is also necessary to recommend a monitoring system to collect data and evidence on eco-tourism related trends for planning purposes that will enable zoning, estimation of natural and social carrying capacity of zones and establish ecotourism regulations, guidelines and standard operating procedures for eco-tourism operators.

4. Strengthening the grievance management systems related to Program activities and ensuring awareness generation on GRM for community through a dedicated behavior change and communication strategy.

Stakeholder Consultation: The Stakeholder Consultation Workshop for disclosure of the draft ESSA was organized on 20th September 2023. The workshop was attended by about 60 participants, including representatives from various priority departments, district and sub-district administrations, *Dzumsas*, civil society organizations, media and industry associations. The key takeaways from the workshop were: a) improving mental health services for counsellors dealing with substance abuse cases; b) ensuring participation of sub-district level representatives in planning and implementation of program activities; c) continuous stakeholder engagement should be ensured throughout implementation; and d) key program information should be widely disseminated in local language. The final ESSA will be disclosed on the Bank's external website and the GoS website in October 2023. The executive summary of the final ESSA will also be translated to Nepali language and disclosed on the GoS website in October 2023.

Inputs to the Program Action Plan (PAP)

The Program will ensure adequate resources are provided for timely and effective implementation of E&S measures and the key recommendations will be made a part of the Program Action Plan (PAP).

PAP action	Nodal agency	Timeline	Description/Means of verification
Integrating E&S checklists for management of E&S risks, including land, public and worker safety, at the site level for all civil works.	PDD/PMU	Within three month of project effectiveness. Before Program implementation involving civil works.	1. Develop program specific E&S management guidelines which will include an E&S Checklist, Environment and Social Codes of Practice and Monitoring formats. Means of verification – This will be integrated into the Program Operations Manual to ensure management of environmental and social impacts in project financed civil works. 2. The checklists will include screening for land, OHS compliance for workers and public, etc. Nodal departments to monitor compliance by all

PAP action	Nodal agency	Timeline	Description/Means of verification
			implementing agencies/ contracted services/ other entities under them.
Strengthen Grievance Redressal Mechanisms across nodal departments and implementing agencies	PDD/PMU	Within six months of project effectiveness	SOPs would be developed for grievance redressal by all priority departments with support from the World Bank team. Means of verification – Quarterly E&S reports (aligned with PMC reports) would include updates on grievance management.
Gender-disaggregated baseline assessment of Eco-tourism practices.	DEC in collaboration with PDD and TCAD[1]	In the first year of Program effectiveness	Undertake a baseline assessment to map homestays and eco-tourism practices to inform implementation of the state's ecotourism policy. Means of verification – As per DLI 3.

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[1] Directorate of Ecotourism (DEC) under the Forest, Environment and Wildlife Management Department; Tourism and Civil Aviation Department (TCAD), GoS

1. Background and Program Description

1.1 National and state-level scenario

Sikkim is one of the fastest growing economies among the states in India. It has successfully reduced its poverty rate from 30.9% to 3.82% between 2005 – 2021[4] while demonstrating a Multi-dimensional Poverty Index (MPI) that is the third lowest in India[5]. In the last decade, there has been a shift of Sikkim's economic production out of agriculture into manufacturing and services[6]. These sectors now contribute to 51% of the state's GDP while agriculture is stagnated at 8%. Manufacturing and services, particularly tourism, pharmaceuticals, and hydropower have registered remarkable growth rates and are vital to the state's economic growth. While these sectors offer considerable potential for non-farm wage employment and entrepreneurship opportunities, over 70% of the state's workforce is still employed in agriculture. As such, Sikkim shows significant gaps between output transformation and employment transformation, particularly for women and youth, which is likely to impede sustainable growth for the state.

Projections show that Sikkim's demographic advantage maybe short-lived with the proportion of the over-60 population expected to grow by 2036. In 2021, the state's dependency ratio was 33 compared to an all-India level of 46.8. Similarly, Sikkim is also expected to undergo rapid urbanization by 2036. In 2011, the urban population accounted for 26.0% and 26.7% of the total population for males and females, respectively, which is expected to rise to 75.8% and 76.2% for males and females by 2036. The state has one of India's highest rates of female labor force participation (FLFP) at 58 % although they continue to be employed in low paying jobs, mostly in agriculture and household enterprises. In 2022, almost half of the state's working women were employed in agriculture and related occupations, compared to 20 percent of men; and only 3 percent of working women were in manufacturing.[7] Women's urban labor force participation is at 34%, which is much lower compared with the rural labor force participation rate of 64% and FLFP rates for young women in urban areas were significantly lower at 27% The unemployment rate for young women in urban areas was also considerably high at 19%, compared to 3 % for young men. Women-led enterprises in Sikkim face challenges in the areas of sustainability, autonomy, formalization, and employment generation. Less than one-fifth of enterprises in Sikkim are women-led, mostly in trade and services in low-return sub-sectors and remain at subsistence levels and lack growth-orientation.

Despite relatively high primary educational attainment, unemployment remains high among Sikkimese youth. In 2022, the unemployment rate for youth (15-29 years) was about 13% and significantly lower than the India average of 29 percent, almost 41% of Sikkim's youth population were employed in agriculture, with limited exit options and transition opportunities to gainful employment in non-farm sectors. Sikkim's youth have demonstrated a clear preference to work in priority sectors, and yet, they continue to lack the foundational, technical, digital, non-cognitive skills and socio-emotional skills required for success in the workforce. A range of social barriers, such as substance abuse, mental health concerns, poor social networks, limit job search and constrain access to labor markets in priority sectors.[8] Overall, Sikkim's economy is reflective of a clear mismatch between the aspirations of women and youth and creation of jobs.

4 Niti Aayog, 2021. India - National Multidimensional Poverty Index. Baseline Report. Based on National Family Health Survey 4 (2015–16)..
5 NITI Aayog estimates, 2021.
6 Sikkim Economic Census, Department of Statistics, 2019
7 Periodic Labor Force Survey, GoI; various rounds (2017–18; 2021–22)
8 Baseline survey and assessment of Sikkim's workforce in non-farm sectors; IFMR and World Bank; May–July 2023.

Most employers in India's northeastern region note the lack of analytical skills, creativity, and skills related to innovation, time management, communication, leadership, digital readiness, problem solving, critical thinking, and teamwork. In Sikkim, employers note the general lack of applicants' employment readiness in the emerging sectors and suggest mentoring programs in the first year to equip youth for job roles in priority sectors. The market for such courses is still nascent and training providers associated with the Skills Development Department do not have mature business models to deliver quality short-term skills training in priority sectors.[9] Clearly, programs offered at the national level do not materialize as an integrated labor market program in Sikkim, which results in significant gaps in financing, coverage and inefficiencies, failing to address challenges to economic inclusion.

The Government of Sikkim (GoS) recognizes the urgent need for driving inclusive growth that benefits women and youth: Sikkim is a small market, with negligible economies of scale and limited connectivity. Yet the GoS has been able to capitalize on its unique natural resource base and biodiversity and encourage income-generating activities such as community-based tourism and green jobs. While long-term solutioning to growth would require a relook at macro-policies, trade, and business conditions, in the short-term, engaging women and youth productively, building their job readiness is pivotal to the state's economic growth. The nature of Sikkim's structural transformation has outpaced investments in human capital and key enablers that are critical to improve labor market outcomes for women and youth. This manifests through a range of demand-supply constraints, including limited information, poor social networks, mobility support that restrict women's and youth engagement in priority sectors. However, three critical challenges persist. (1) weak inclusion strategies and planning tools in promoting reallocation of labor, particularly women and youth, from agriculture to higher value-added jobs in priority sectors; (2) tax base and dependence on central government transfers[10] mean that skills training delivery, entrepreneurship support, and investments in enabling services is channeled through multiple central government schemes,[11] which are not tailored to the state's social, economic, and geographic factors, and (3) limited engagement with the private sector and uneven demand mapping of future jobs cripples the state's labor market interventions. To drive economic inclusion for women and youth in emerging sectors, the GoS has acknowledged the need to drive policy transformations, build planning capacities at the state and sub-state levels, integrate supply- and demand-side interventions in existing government programs, finance catalytic investments in partnership with the private sector, and promote institutional coordination across different government agencies.

Socioeconomic Characteristics

Demography

Sikkim is one of the smallest states in India both in terms of population and area. The state has a population of 610,577, of which nearly 75% lives in rural areas (Census 2011). Sikkim has six districts, namely Gangtok, Namchi, Mangan, Soreng, Gyalshing and Pakyong. Prior to 2021, the state had four districts, which were called North, East, West and South districts. As a result of a reorganization of districts enacted in 2021, East district was divided into Pakyong and Gangtok and West district was divided into

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9 Based on a rapid assessment of 31 training providers offering short-term skills trainings in agriculture, beauty, hospitality and wellness, IT/ITeS, and retail sectors.

10Sikkim's own resources including fiscal deficit and consequential borrowings) represent less than 30 percent of total expenditure, the rest comes from transfers from Centre, being less. The state's excessive dependence on central transfers by way of taxes and grants and the low buoyancy of its own revenue sources make its finance very vulnerable.

11 Examples include schemes under the National Mission for Empowerment of Women (including Protection of Women from Domestic Violence; Swadhar Greh; State Resource Centre for Women; One Stop Crisis Centre; Ujjwala Scheme; Beti Bachao Beti Padhao; AAMA scheme; Mahila Shakti Kendra; implementation of Sexual Harassment of Women at Workplace Act 2013; etc.).

Soreng and Gyalshing. North district was renamed Mangan and South district was renamed Namchi district. Mangan is the largest but the least populous district of the state, with a population of 43,709. Soreng is the smallest district. As of 2019, the state had 185 Gram Panchayats (GP), of which two were recognized as traditional institutions of self-governance (known as *Dzumsas*) in Mangan District. The official languages of the state are English, Nepali, Sikkimese (Bhutia) and Lepcha. Additional official languages include Gurung, Limbu, Magar, Mukhia, Newari, Rai, Sherpa and Tamang. Overall sex ratio in Sikkim is 890 females per 1,000 males, which is poorer than the all-India average of 943 females per 1,000 males, as per the latest Census (Census 2011). Around half of the households in Sikkim belong to an other backward class (OBC). (NFHS-5) The state had 4.63% of Scheduled Castes (SCs) and 33.8% Scheduled Tribes (STs) of the total population. (Census 2011)

The five SCs in Sikkim are Damai (Nepali), Kami (Nepali), Lohar (Nepali), Majhi (Nepali), and Sarki (Nepali). [12] Nearly 72% of the SC population lived in the rural areas, with more than half living in the erstwhile East district. Kami and Lohar combined constituted the largest percentage share of SCs (63%) whereas Sarki and Majhi constituted the least at 2.8% and 1.2% respectively. (Census 2011) The state has four STs, namely Bhutia (including Chumbipa, Dopthapa, Dukpa, Kagatey, Sherpa, Tibetan, Tromopa, and Yolmo), Lepcha, Limboo (or Limbu) and Tamang. Of the total ST population, 51% were males and 81% lived in rural areas. Bhutias constituted the highest ST population in the state at 34%, whereas Tamang constituted the least at 18%. 81% of the state's ST population lived in erstwhile East district. The former North district had the lowest SC and ST population. (Census 2011)

Poverty

Although Sikkim recorded the steepest decline in poverty ratio from 30.9% in 2004-05 to 8.2% in 2011-12, a 2014 analysis[13] shows high poverty rate in areas close to forest or areas covered with snow, especially in the erstwhile North district. (Bhandari and Chakraborty, 2014) About 30% of the state's poor resided in the former West district, which had around 22% of the state's total population. The analysis also found a higher concentration of SC and ST population in high poverty zones in the state. (ibid.)
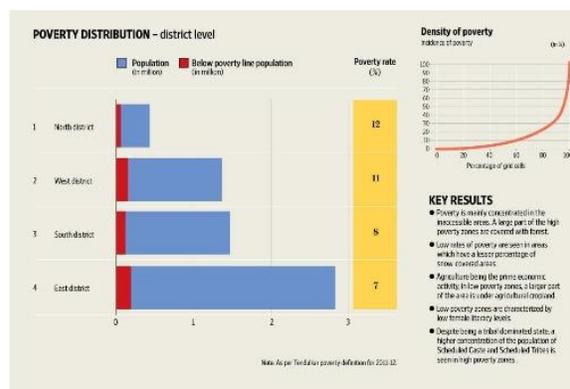
Figure 1 District-wise poverty distribution in Sikkim from 2014 (Source: Livemint)

Gender

Nearly 18% households are headed by women in Sikkim, with 15% of the population living in female-headed households. 68% of women have money that they can decide how to use. (NFHS-5) Currently, as across other parts of the country, there is a concentration of female trainees in non-engineering sectors and job roles. For instance, only 29.5% trainees at ITI Rango, which offers engineering-related trades, are females. (Source: Skill Development Department) Similarly, a 2019 study found 100% male enrollment in

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[12] The Constitution (Sikkim) Scheduled Castes Order, 1978; The Constitution (Sikkim) Scheduled Tribes Order, 1978
[13] Source: Spatial poverty in Sikkim (2014). Livemint. https://www.livemint.com/Opinion/PUvkZAswQKN1h6kkUS9KtN/Spatial-poverty-in-sikkim.html

livelihood schools for courses such as automobile repairing and assistant work supervisor. (Surjyajeevan and Thapa, 2019)

Spousal violence: Around 12.1% women (aged 18-49 years) experienced spousal violence in 2019-20 compared with 2.6% in 2015-16. Data also revealed that women are more likely to experience spousal violence if their husband gets drunk often (66%), gets drunk sometimes (20%), and if the husband has 12 or more years of schooling (26%). 80% women who experienced physical or sexual violence never sought help and never told anyone. (NFHS-5)

Education

In Sikkim, 60% boys and 71% girls aged 2-4 years attend preschool. Preschool attendance is highest among OBC households (70%), and lower among ST households (58%). (NFHS-5) Further, the Gross Enrollment Ratio (GER) for STs in Sikkim is lower than the India average across primary, upper primary and elementary levels, however, this is seen to improve at the secondary and higher secondary level. (Annex 2) The dropout rate for boys at secondary level is higher in Sikkim (14.6%) compared with the national average (13%). The state has a lower percentage of Government and Government-Aided schools providing training on psycho-social aspects to students at the primary level compared with the national average (5.8% vs. 6.2% respectively), however, this improves significantly at other levels of schooling (22.4% and 18.3% at secondary and higher secondary level in Sikkim vs. 16.1% and 16.1% respectively in India). Lastly, the state had a total of 1,188 Children with Special Needs (CwSN) enrolled from primary to higher secondary level, with 164 at secondary and 46 at higher secondary level. (UDISE flash statistics 2021-22).

The state has a total of 267 Secondary and Higher Secondary schools having vocational courses under NSQF, with a total enrollment of 16,542. Sikkim also has a significantly higher percentage of schools having Tinkering labs (4.1%) compared with the national average (1.8%). (UDISE flash statistics 2021-22).

Traditional local institutions of governance: *Dzumsa* is the existing traditional village Panchayat, which is still in operation as an institution, in two villages, namely Lachen and Lachung, in Mangan district of Sikkim. They have customary judicial powers for the trial of cases in their respective villages. They have been invested with the function to implement all the central and state government rural development schemes. This involves identification of beneficiaries, selection of site for the work, demarcation of contractual work area for infrastructural development.[14] It is important to note that the *Dzumsa* also have an elected Zilla Panchayat Samiti[15] representative.

Vulnerable and disadvantaged groups: The following groups could be at a risk of social exclusion from Program activities:

SC/ST/ Other Backward Class (OBC) groups: As per UDISE data[16], the dropout rate from school for SC, ST and OBC groups is high in some districts. For STs, it ranges from 42% to 53% (the rate is slightly higher for ST boys than girls) in Gyalshing. For SCs, it is high in both Gangtok (ranging from 32% to 46%) and Gyalshing (ranging from 47 %to 64%). Similarly, for OBCs, the dropout rate in both Gangtok (46% overall at secondary level) and Gyalshing (57.3% overall at secondary level) is high. Similarly, a study also found that

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[14] Dzumsa: A Way of Life [https://www.sikkimproject.org/dzumsaa-way-of-life/]

[15] The *Zilla Panchayat Samiti* (District Development Council) is the link between the *gram panchayat* (village council) and the zila parishad (district board). Note : Sikkim has a two tier PRI system with Zilla Panchayat and Gram Panchayat. There is no Block Panchayat.

[16] Note: Data from Pakyong and Soreng districts is unavailable in the UDISE data, likely due to the reorganization of districts.

the participatory rate in livelihood schools among the Bhutia-Lepcha (BL) population was significantly less (8.66%) compared with their share of total population (21%). (Surjyajeevan and Thapa, 2019).

Persons with Disabilities: As per Census 2011 data, 87.2% of Sikkim's PwD's live in rural areas. 63.5% of Sikkim's total PwDs are economic citizens (15-59 years age group), of which 62.5% live in rural areas. In rural areas, 43% of PwDs are main workers and more than one-third are non-workers (remaining are marginal workers). Even in urban areas, 55.2% of PwDs who are in the 15-59 age group are non-workers. (Census 2011) Spastic Society of Sikkim (SSS) is the only training centre in Sikkim approved by the Rehabilitation Council of India for its course on caregiving. (Mobility India, 2015)

Youth at Childcare Institutes (CCI): Childcare institutes look after orphans, abandoned, or surrendered children and children who are survivors of neglect, abuse, violence and trafficking. Sikkim has a total of 23 CCIs, which include 12 Children's homes, 2 Juvenile Observation homes, 4 Open Shelters, 2 Special schools for Children with Special Needs (CwSN), and 3 Specialized Adoption Agency. The 439 children and youth at these institutes include 210 boys and 229 girls. Of these, the youth between 15 – 18 years of age, who would be eligible for the activities planned under the programme, were 40 (21 girls and 19 boys) in 2022-23. (Source: WCD, GoS) The Skills Development department conducts some counselling and information exchange programs at CCIs in coordination with District Child Protection Unit (DCPU).

Pastoralists and herders: The *Dokpas* are a transhumant pastoral community that rear their livestock in the trans-Himalayan region of northern Sikkim. GoS imposed a ban on cattle grazing in reserved forests in 1995.[17] There are now only 24 *Dokpas* left in the region, mostly consisting of elderly pastoralists and a few hired herders.[18]

Environmental Characteristics

Biodiversity and Natural Resources: Although Sikkim comprises only 0.2% of the land area of India, it contains an astounding 26% of the nation's biodiversity and is known as a biodiversity hot spot in the eastern Himalayan[19]. With luxuriant forest abounding in all part of state, Forestry has been the major land use in the State and 82.31% of the total geographical area of the State is under the administrative control of the State Forest Department. With total forest cover estimated to be 47.61% of the total geographical area[20], more than one third of Sikkim comes under protected areas, which is the highest proportion of any state in India. The protected area network in Sikkim includes one National Park and seven Wildlife Sanctuaries (see below). Khangchendzonga National Park (KNP), which comprises more than a quarter of the land area of the State, has recently been nominated for recognition as UNESCO World Heritage Site on account of its remarkable range of Biodiversity KNP.

Other biodiversity-rich areas in the state are its wetlands, such as lakes, that are visited by a rare species of wintering birds as well as support a large diversity of fish and other flora and fauna. A number of these wetlands are to be included in the RAMSAR wetland list (*Khacheodpalri-Khangchendzonga Lohnak (KLL) Wetland Complex, the TsoLhamo Plateau-Lashar Yumesamdong-Tembao Wetland Complex and the Tsomgo Bedang Tso Wetland Complex*)

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[17] Chapter II: Schemes and Policies Implemented from 199596 till 2010-11; Forests, Environment & Wildlife Management Department, Government of Sikkim

[18] Luxom, Nisam Mang et al (2022)

[19] Biodiversity All Creatures Great and Small - Sikkim Biodiversity Conservation for Forest Management Project

[20] http://sikkimforest.gov.in/Forest.htm

Agriculture - More than 64% of the population of Sikkim depends on agriculture for their livelihoods, directly or indirectly. Sikkim's hilly terrain, steep slopes, acidic soils, high altitudes and prolonged dry spells do not offer ideal conditions for cultivation and as a result only 15% of state's land is cultivated. The hill slopes have been converted into farmlands using terrace-farming techniques and is used for cultivation. Being rich in biodiversity, Sikkim is known to cultivate cash crops, such as the medicinal plants which are indigenous to this region, exotic orchids, the Sikkim big cardamom, Sikkim mandarin, and livestock products such as milk and cheese. Cardamom is a main cash crop and makes up a premier part of economy (19% of the cropped area grows cardamom).

Water resources: Sikkim has abundant water resources available in the form of glaciers, rivers and natural springs and is a water feeder to the planar India. Teesta is the significant waterway framework in the State, which starts from a chilly lake Khangchung Chho at a height of 5,280 m. It's basin has 84 glaciers covering an area of about 440.300 sq km. Sikkim solely depends on surface water bodies as groundwater is scarce due to hilly terrain and high run off. While water is abundant, high spatial and temporal variation in water availability exists throughout the state including water shortages experienced in some parts such as the South District[21]. The hilly Himalayan region has a paucity of water during the non-monsoon months and even though water is available in the valleys the constraints of the terrain forces overwhelmingly large proportions of the agricultural fields to be dependent upon the rains alone. While irrigation has been a principle water use, as a growing State, the demand for water is increasing for diverse purposes such as domestic, hydropower, agriculture, industrial and recreation.

Hydropower: About 90% of Sikkim's electricity supply is from hydropower, generated from the Teesta River making it one of the greenest State in India[22].

Tourism/Eco-tourism: The Sikkim Human Development Report (HDR) 2014 identified certain potential sectors for growth and livelihood creation, of which tourism ranks the highest. The HDR recognizes that Sikkim has a comparative advantage in tourism with its beautiful landscape, diverse flora and fauna, culture and traditions and hospitable people. Tourism arrivals in Sikkim have seen unprecedented growth in the last three decades and is a main driver of the economy and jobs. The adventure tourism sector which has tremendous potential and earlier confined mainly to trekking, white water rafting, and mounting has witnessed a rapid expansion in the recent years and us set to grow. In 2010, a Sikkim Tourism Mission 2015 was released by the state government, which emphasized the need for both, ecological and economic sustainability in tourism, through the promotion of quality tourism and enhanced participation of local stakeholders. Eco-tourism, which was initially started during 1995-96, is mainly initiated by Sikkim Himalayan Home Stay Association in the rural areas.

Climate Change: The changes in climate over these long periods of observation indicate that the weather patterns have become unreliable. Rainfall patterns have become erratic, monsoons are usually late and in general torrential rainfall has replaced the monsoon drizzle. This has increased the surface runoff and dry period during winters, resulting in a higher incidence of forest fires and drying up of springs i.e., discharge of springs has reduced and many of them have started becoming seasonal. Also, extreme climate events have become more frequent. Long term meteorological data available for Gangtok station (1957 to 2005) shows that winters are becoming increasingly warmer and drier. During the year 2008 and

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[21] State of the Environment 2016
[22] State of the Environment 2016

2009, the state witnessed one of the driest winters in living memory. Some of the climate change related impacts of concern include[23];

- Scarcity of drinking water (dependent on rainfall) as rainfall may increasingly get restricted to monsoon period only with reduced rainfall as the number of rainy days decrease.
- Reduced spring discharge due to Increase in intensity of rainfall leading to high run off and less infiltration.
- Increased drought-like situations due to the overall decrease in the number of rainy days
- Decline in agricultural productivity of winter crops due to warmer and dry winters.
- Increased incidences of forest fire due to drier conditions

Major environmental issues: (i) Land degradation and soil erosion in hilly areas due to changes in vegetation/forest cover resulting from infrastructure and road development, (ii) poor indoor air quality, especially in the rural areas where biomass burning and usage of fuel wood are preferred means fuel for cooking, (iii) vehicular pollution, solid waste and sewage disposal in fragile mountain ecosystem, including piling up of non-biodegradable waste in natural ecosystems like rivers due to urbanization and tourism (iv) high tourist inflows to high-altitude areas of the state that important tourist destination but are ecologically fragile and very important in terms of water security, (v) increasing water demand due to the ever-growing population and pollution are some of the key issues highlighted in the State of Environment report in 2016.

GoS' efforts: Government of Sikkim has implemented a number of important initiatives which are also aimed at conserving biodiversity and protecting the environment. conserving biodiversity and protecting the environment. Some notable measures undertaken by Sikkim include banning of felling of trees in the forest, grazing in reserve forest areas, killing wildlife, usage of plastics and nonbiodegradable materials, lighting of firecrackers, scaling of sacred peaks besides defiling sacred water bodies, rocks and caves, chemical fertilizer and pesticides and declaring Sikkim as an organic state, strengthening the protected area network, declaring important bird areas and biodiversity parks, promoting pollution free green industries etc. Some of these has been done in conjunction with the launching of Green Mission, conserving lakes, rivers and springs and most importantly empowering its citizens to protect the nature[24]

1.2 Scope and thematic boundaries
Government program
The GoS will design an Inclusive Growth Policy to build the policy architecture that will sustain several of its transformative policy and programming reforms to deliver employment opportunities for women and youth**.** The GoS' commitment to economic inclusion of women and youth is reflected in existing policy initiatives including Sikkim Micro, Small and Medium Enterprises Policy 2022; State Tourism Policy 2018; Ecotourism Policy 2011; Information Technology, Electronics and Telecommunication Policy for the State of Sikkim 2021[25]. Recognizing that interventions that address multiple constraints have the potential to

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[23] The Sikkim State Action Plan on Climate Change

[24] State of the Environment Report 2016 and Biodiversity All Creatures Great and Small - Sikkim Biodiversity Conservation for Forest Management Project

[25] The Micro, Small and Medium Enterprises Policy 2022 emphasizes promotion of youth entrepreneurship by providing skill development training, incubation, funding access, marketing assistance, etc., and lays a special emphasis on women. The Information Technology, Electronics and Telecommunication Policy 2020 includes in its vision facilitation of MSMEs with special focus on women entrepreneurs. The Tourism Policy 2018 states that making tourism benefits broad based to support local, social and economic development is one of its goals. The Ecotourism Policy 2011 includes strategies for facilitating self-employment opportunities and encouraging MSME enterprises in the ecotourism sector.

impact labor market outcomes for women and youth, the government program is multi-sectoral, bringing together skill building, enterprise support, infrastructure development, and service delivery interventions. These include several state-led schemes and activities across the departments of skill development, industries and commerce, rural development, tourism, forests (which includes ecotourism), IT, health, women and child development, and planning.

PforR Program funded by the World Bank

The Integrated Service Provision and Innovation for Rural Economies Program (INSPIRES) PforR Program funded by the World Bank is a subset of the government program. The GoS has a clearly defined mission for inclusive growth and economic inclusion of women and youth across four pillars: (i) short-term skilling, including technical skilling in priority sectors, socio-emotional and psychological skills; (ii) entrepreneurship support in non-farm sectors; (iii) delivery of enabling services in care, mental and reproductive health, financial and digital inclusion; and (iv) state capabilities for integrated and intensified service delivery across levels of government. The PforR Program will be a subset of the government program—it will include schemes and activities detailed in the Program Expenditure Framework (see Table 2) and will exclude other schemes and activities such as those focusing on farm-based livelihood activities, public works, etc. The government program has an estimated budget of US$818.14 million over the period 2024–29. The PforR Program has an estimated budget of US$226.4 million.

The proposed operation adds significant value to the government program. The operation will expand and deepen the state's strategy for improving employment outcomes for women and youth through (i) accelerating adoption of a pan-economy, pan-government approach and (ii) enabling integrated solutions through government-to-government (G2G); government-to-businesses (G2B) and government-to-people (G2P) alliances.

PforR Program Scope

The proposed Integrated Service Provision and Innovation for Reviving Economies Program (INSPIRES) PforR Program ("P") will support the GoS' efforts to boost economic inclusion of women and youth. The Program proposes to address growth and governance bottlenecks to economic inclusion through: (i) expanding and deepening strategy, planning tools, and coordination capacities at the state level to engage within and across governments and with the private sector on inclusive growth; (ii) focused investments in short-term skills training, with a dedicated focus on non-cognitive skills, digital readiness, socio-emotional skills and placement support in priority sectors; (iii) facilitating growth orientation for women-led and youth-led enterprises in non-farm and priority sectors through financial, business development support, linking own-account establishments (OAEs)/household enterprises with SMEs and encouraging new enterprises to move in service-oriented/manufacturing oriented segments within priority sectors; and (iv) strengthening delivery of enabling services in mental health, digital readiness, mobility options, and care services. The targeted recipients or end-users are women (15–59 years) and youth (age 15–35 years) of Sikkim.

The PforR Program is a well-defined subset of the government program. The GoS has an estimated budget of US$818.14 million for five years which constitutes the government program budget. The PforR Program with an estimated value of US$226.40 million includes selected schemes and activities of the priority departments—planning and development, skill development, industries and commerce, rural development, tourism, forests, IT, health, women and child development. The PforR Program expenditures are largely around operational costs, technical support, salaries, last-mile infrastructure

development. The WB contribution to the Program will be US$95 million. In addition, the Bank will also support a US$5 million IPF component.

The elements of the government program that are excluded from the PforR Program include farm-based livelihoods and enterprises, employment in public works, investments in Gram Panchayat Development Plans, investments that are on the exclusion list as determined by the Environmental and Social Systems Assessment, and investments that target neither women nor youth beneficiaries. The PforR Program also excludes all central-sector and centrally sponsored schemes in skilling, entrepreneurship, health, and livelihood sectors.

Table 1: Government program (p) and PforR Program (P) supported by the WB

	Government program (p)	Program Supported by the PforR Program (P)	Reasons for Non-alignment
Objective	To provide enhanced employment and entrepreneurship opportunities to people in Sikkim.	To enhance economic inclusion opportunities for women and youth in non-farm sectors.	The government program supports several initiatives on linking individuals (men and women, including youth) to skills training, employment, and entrepreneurship. It also supports farm-based livelihoods and employment in public works and support to Gram Panchayats for village level infrastructure development and service delivery. The PforR Program will focus on women and youth with an emphasis on: (i) planning capacities, institutional coordination to deliver integrated service solution and enabling services at state and district levels; and (ii) short-term skills training, placement support, and entrepreneurship promotion in priority sectors (tourism, IT/ITeS, creative design, green jobs, hospitality and wellness, and care).
Duration	2024–2029	2024–2029	Not applicable
Geographic Coverage	Entire state of Sikkim.	<u>Six districts in Sikkim:</u> Gangtok, Mangan, Pakyong, Soreng, Namchi, Gyalshing. <u>Exclusion of activities:</u> social sector and infrastructure investments in high mountainous areas as per the environmental and social (E&S) exclusion checklist.	- As per PforR requirements, the Environment and Social Systems Assessment has developed an exclusion checklist to screen and avoid adverse environment and social impacts. - The exclusion checklist will screen and confirm exclusion of any activities/investments in high mountainous areas.
Results Areas	Sector agnostic employment and entrepreneurship opportunities for people in Sikkim; Enabling services to support employment and entrepreneurship opportunities for people in Sikkim.	RA1–RA3	- The results areas of the government program are broader in scope as they focus on both farm and non-farm sectors as well as on both men and women (including youth). - The results areas of the PforR Program are focused on results in the areas of women and youth employment and entrepreneurship in non-farm sectors. - The PforR Program also excludes all central-sector and centrally sponsored schemes in skilling, entrepreneurship, health, and livelihood sectors.
Overall Financing	US$818.14 million	US$226.40 million (US$126.40 million GoS; US$95 million WB for PforR, and US$5 million WB for IPF)	

Table 2: Program Financing

Source	Amount (US$, millions)	Percentage of Total
Counterpart funding	126.40	57
International Bank for Reconstruction and Development (IBRD)	100.00 (95.00 PforR, 5.00 IPF)	43
Total Program financing	226.40	100

Program Result Areas (RA): The Program will support three RAs that will contribute towards the achievement of the PDO. These are (i) Strengthened state systems to deliver inclusive growth (ii) Improved employment linkages for women and youth in priority sectors (iii) Enhanced delivery of enabling services for economic inclusion of women and youth.

Results Area 1: Strengthened state systems to deliver inclusive growth: RA-1 will support strengthening of the state's strategic framework on inclusive growth and economic inclusion. To achieve this, RA-1 will incentivize coordination, evidence-based planning, partnerships with non-state actors and strong monitoring and evaluation (M&E) systems. Specifically, it will enable the following results:

- ***Employment and Entrepreneurship Promotion Facility established:*** RA-1 will support the creation of a coordinating body – the 'Employment and Entrepreneurship Promotion Facility' which will champion the inclusive growth agenda within and across governments (G2G), with the private sector (G2B) and other non-state actors (G2C). The Facility will drive an impact-oriented 'Inclusive Growth Alliance' with companies in priority sectors, national government agencies (e.g.: National Skills Development Corporation, Sector Skill Councils), international governments (building on GoS' existing partnerships with the Government of Japan and the Government of South Korea), multi-lateral development partners and civil society organizations that represent the voices of women and youth.

  The Facility will accelerate employment and entrepreneurship outcomes in Sikkim through building sufficient policy fluency and technology fluency in the Planning and Development Department (PDD) on agile governance practices and private sector partnerships to drive economic inclusion. The Facility will be administered by the PDD following the procedures set out in the Program Operations Manual (POM). An Inclusive Growth Strategy for Sikkim and a Common Results Matrix with measurable key performance indicators on employment, entrepreneurship, human-centered design approaches and key enablers will guide financial allocations, investments, and partnerships under the Facility.

  The facility will provide financial and policy support towards the following key results:

  (i) *Scale, Sustainability and Reach:* Financial support to build partnerships with social-oriented enterprises (private sector, NGOs, CBOs, etc.) that support employment and entrepreneurship of women and youth (e.g., an exclusive online marketplace that sources creative products from women and youth enterprises in Sikkim; financial partnerships to promote Sikkim-made products by women entrepreneurs in national and international markets).

  (ii) *Ability to influence policy*: The Facility will engage with the private sector through non-financial private sector engagement tools – policy dialogue, CSR resources, sustainable business promotion and upstream engagements with business associations for mapping employers' demand. This would include unpacking the unique capabilities and resources different private sector actors might bring and their relevance to Sikkim. The Facility will identify ways in which the state can work with the private sector to understand and address barriers to investment and market-development, which is essential to improving the state's

revenue generation ability in the medium-term.

   (iii) *Innovations, Expertise and Capabilities:* Promote demand uptake through dedicated behavior change and communications interventions such as work readiness programmes, mentorship programmes for female trainees, exposure visits, private job search platform, language courses and holistic migration support for 3-6 months. In addition, the Facility will finance delivery of socio-emotional skills such as management practices, analytical thinking, problem solving, technological adaptation, language skills (Japanese, Korean, etc.); finance innovative hyper-local solutions on care, mental health, reproductive health, and safe transport/mobility options, particularly for female trainees and entrepreneurs.

- **Integrated MIS dashboard on economic inclusion functional***:* The Program will support the creation of an information cell in the Planning and Development Department for multi-sectoral and multi-level tracking of implementation progress and results. The state government proposes to adopt an integrated MIS approach enabling the state and district authorities to identify women headed households and youths for economic inclusion programs. The integrated MIS approach will accelerate digitization of selected scheme datasets and will lead to better analytics.

Result Area 2: Improved employment linkages for women and youth in priority sectors: RA2 will complement existing state government initiatives on skills training and entrepreneurship support through: (i) targeted investments to expand short-term skills training offered in priority sectors (tourism, green jobs, IT/ITeS, hospitality & wellness, care and creative design); (ii) training to placement support; (iii) entrepreneurship development including OAE to SME linkages and (iv) enterprise support in non-farm sectors and priority sectors for women and youth. Specifically, it will enable the following results:

- **Expansion and quality elevation of short-term skill development programs in priority sectors***:* To address the lack of market relevance and poor demand-supply match, the Program will support rolling-out of high quality, short duration skilling courses in priority sectors of tourism, IT/ITeS, creative design, green jobs, hospitality & wellness, and care. The RA will plug the financing gap in short-term skills training and strengthen employment placement of graduated trainees of skill development courses, through *Niyukti Kendra*. Sikkim's geographic isolation, low population density and high drop-out rates at the secondary levels requires leveraging existing skills development programs to channel additional financial support to improve outcomes on training to placement linkages. To achieve this, RA-1 will support virtual and blended career counselling and placement sessions for trainees, intensive virtual and in-person support for female trainees to increase uptake of non-traditional job roles, migration support between three-six months after placement, mobility allowance and reskilling options for female trainees and NEET (not in employment, education, or training) youth in priority sectors. These interventions will complement existing GoI-led and state-led investments in short-term skills in priority sectors and help Sikkim bridge inefficiencies that result due to geographic isolation, remoteness, and low economies of scale, lowering labor productivity of the talent pool.

- **Strengthened capacities of state skill development institutions***:* Capacity constraints in the key state skill development institutions such as State Institute of Capacity Building (SICB), Livelihood Schools, State Institute of Rural Development (SIRD), Institute Hotel Management (IHM), Indian Himalayan Centre for Adventure & Ecotourism (IHCAE), and District Industries Centers (DICs) has led to underutilized potential. The Program will support strengthening of the state institutions mentioned above to meet applicable national accreditation and recognition requirements, run new courses in priority sectors, enhance digital monitoring systems, strengthen post-training follow-up with trainees, adopt digital technology, strengthen infrastructure, etc. New training

courses (either as part of existing training programs or as new training programs) will be identified and developed based on market relevance and nationally recognized accreditation requirements. The Program will also support ICT enabled refresher training programs delivered through online and /or Interactive Voice Response mechanisms for individuals who have already undergone Entrepreneurship Development Programs organized by DICs, SICB and/or by Livelihood Schools.

- ***Financial support and business development services to entrepreneurs in non-farm and emerging sectors****:* The Program will elevate results orientation of existing schemes, including targeting women and youth entrepreneurs with a focus on non-farm and priority sectors. The RA will facilitate transition of women and youth entrepreneurs towards service-oriented segments within priority sectors. Key interventions complement financial support channeled through central and state government schemes through: a) entrepreneurship promotion, which includes creating awareness and knowledge of different entrepreneurship opportunities in priority sectors; b) easy and affordable access to finance to set up, run and grow the business; c) training in technical, business development and socio-emotional skills (practical experience, confidence, management and leadership); d) networking from industry experts to guide and incubate budding entrepreneurs, young particularly female entrepreneurs and for peer networking; e) Market linkages with domestic and global markets; and f) setting up one-stop virtual shops where OAEs/nano enterprises can access registration support, information, technical assistance and explore linkages with local SMEs.

  The Program will facilitate creation of an Innovation Hub that will offer incubation services for early-stage enterprises, including fostering inter-state partnerships (e.g.: with WeHub in Telangana, StartUp Tamil Nadu, etc.). The Innovation Hub will offer incubation services through partnerships with reputed academic or technical or business institutions that have a track record in enterprise and cluster development. Enterprises to be supported would include enterprises in the following sectors: IT/ITeS, tourism including homestays, creative design, care, hospitality, and wellness and other non-farm sectors.

  The scale of civil works under RA-2 will be limited to refurbishment and digital upgradation of SICB, select livelihood schools and common facilitation centers, as per the financial ceilings and Environment and Social (E&S) exclusion criteria specified in the POM. Support to the eco-tourism and renewable energy sectors will help the state better manage tourism-induced stress and expedite transition to net zero, thereby cumulatively mitigating climate change risks.

Result Area 3: Enhanced delivery of enabling services for economic inclusion of women and youth: RA3 will incentivize delivery of enabling services to promote economic inclusion outcomes for women and youth through 'Integrated Economic Inclusion Plans' (IEIPs)[26] at the district level. Specifically, it will enable the following results:

- ***Strengthened planning through development and implementation of IEIPs****:* RA-3 will support the development and implementation of integrated plans to promote employment and entrepreneurship among women and youth. In year one, the RA will support formation of women's and youth assemblies (based on existing women-led groups and youth led groups) to identify their priorities and reflect them in the budgeting processes. The resolutions passed by these assemblies will inform the prioritization of activities in the IEIPs. IEIPs finance interventions to be implemented over a 4-year timeframe in the following areas: (i) promotion of locally-driven rural tourism (e.g.: bird watching, insect watching, bee keeping, etc.) and entrepreneurship based on whole-of-community engagement with a special focus on women and youth; (ii) eco-tourism;

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[26] IEIPs will be anchored with the Rural Development Department at the district level.

(iii) strengthening Joint Forest Management Committees and Eco-Development Committees; (iv) comprehensive business support to women-led/managed businesses and youth entrepreneurs and collectives in non-farm sectors; (v) enhanced transport options for women and youth; (vi) upgradation and maintenance of community-level last-mile minor infrastructure such as roads, as per financial ceiling and E&S exclusion criteria.

- ***Strengthened state capacities for boosting internet connectivity and digital readiness[27]:*** Sikkim's geographical location and remoteness underlines the importance of internet connectivity for economic inclusion – including information access, continued education, market access and networking. RA-3 will support a feasibility study on provision of high-quality, last mile internet connectivity and identify a basket of locally relevant, cost-effective options. The options may include community Wi-Fi hotspots, satellite internet, extension of Optical Fiber Cable (OFC) based connectivity to the village level, etc. Of these, the Program will finance options for boosting internet connectivity in one district on a pilot basis[28]. To complement this, the Program will also support technology adaptation and digital readiness campaigns for women and youth that will provide basic to advanced skills in accessing/utilizing online government services, online training courses, digital financial literacy, digital marketing, social media usage etc., on a pilot basis. The RA will support a rapid assessment to unpack the linkages between digital connectivity and economic inclusion.

- ***Strengthened capacities on enabling services:*** To enhance access to quality mental health care services, the Program will support capacity building of health care professionals on mental health with focus on substance abuse and suicide prevention; training teachers and community health workers on undertaking preliminary screening for identifying mental health issues; strengthening of the tele-helpline services for mental health promotion and suicide prevention; pilot on community mental health promotion and on outreach of mental health treatment services; and introducing life skills education courses in schools, colleges and skill training centers. Similarly, to lessen the care burden on women and to free up the available time for paid employment, the Program will invest in a long-term care eco-system through training and certification of a cadre of care service providers specializing in early childhood care and geriatric care. In addition, RA-3 will incentivize the creation of an integrated platform for vulnerable beneficiaries for tracking bridge support – the delivery of a package of services that will enable beneficiaries of the Women and Child Development (e.g., women in short stay homes) to access employment opportunities through skills training, job search information, networks, etc.

The Program will support climate resilience and sustainability in Sikkim primarily through reducing the economy's dependence on climate sensitive sectors. The program supports the Government in (i) improved planning for inclusive growth with a focus on priority sectors, thereby supporting the transition away from climate sensitive sectors; and (ii) increasing the participation of climate vulnerable groups such as women and youth in green jobs, especially in eco-tourism and the renewable energy sectors. These measures increase the adaptative capacity of the state by enhancing local awareness and action on climate change, and enhancing ecological sustainability, which aligns with the State Action Plan on Climate Change. In addition, the program supports mitigation measures through the emphasis on skilling and

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[27] All digital interventions envisaged in the operation will be aligned with the Digital Data Protection Act 2023 and its related rules and regulation. In addition, digital interventions will adopt industry best practices like 'privacy by design' methodology to ensure data privacy and protection, while facilitating effective and transparent governance.
[28] Program support will be limited to options that do not require laying of new OFC. Utilization of existing OFC and non-OFC based connectivity (e.g., satellite connectivity) will be supported under the Program.

entrepreneurship in the renewable energy sector, which will support the country to achieve its net zero emissions targets.

Activities supported under the IPF Component: The IPF component of the operation will support: (a) engagement of technical support agencies (TSAs) for the implementation of the Program including hiring of reputed technical support agencies for specific interventions, exposure visits for key staff of the priority departments, etc.; and (b) monitoring of the implementation of the Program including specific impact evaluation studies.

1.3 Program Development Objectives and Indicators

The Program Development Objective (PDO) is to promote economic inclusion[29] opportunities for women and youth in non-farm sectors.

The PDO level results indicators are as follows:
- Strengthened policy architecture for economic inclusion in Sikkim (DLI)
- Increased entrepreneurship in non-farm sectors for women and youth (15-29yrs) (DLI)
- Percentage of graduates of skill development programs employed in priority sectors (disaggregated by sex) (IRI)
- Strengthened capacities on delivering enabling services (DLI)

Program resources will be disbursed based on the achievements of DLIs. These DLIs have been selected to incentivize the institutionalization of integrated planning and monitoring systems, strengthening of capacities of existing institutions, partnerships to bring in quality technical support, improvements in access to enabling services; and finally, improvements in employment and entrepreneurship outcomes for women and youth. Together the DLIs will contribute to improving economic inclusion of women and youth in Sikkim. The weighing of resources across different DLIs reflects their importance towards achieving the Program results. The achievement of DLIs and associated Disbursement Linked Results (DLRs) will be confirmed by an IVA. The DLIs will be verified through a combination of data sources in accordance with an agreed verification protocol. The DLIs are summarized in Table 3.

Table 3- The PforR Program DLIs and Allocation (US$ millions)

DLI	IBRD finances allocated	Percent of total IBRD finances	Fund recipient
Result Area #1: Strengthened institutional systems for planning for economic inclusion			
Strengthened policy architecture for economic inclusion in Sikkim (a) DLR 1.1: State Cabinet issues a Government Order establishing the Employment and Entrepreneurship Promotion Facility (prior result) (b) DLR 1.2: State cabinet approves the Inclusive Growth Strategy (2025-2035).	15 million	15	Department of Planning and Development

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[29] **Definition:** The Sikkim INSPIRES Program defines Economic Inclusion as the gradual integration of individuals and households into broader economic processes. This integration is achieved by addressing multiple constraints or structural barriers faced at different levels: the individual and household (e.g., capacity constraints), the community (e.g., restrictive social norms), the local economy (e.g., poorly developed markets and service delivery structures) and formal institutions (e.g., policy gaps and fragmented plans) (based on Andrews et al, 2021).

(c) DLR: 1.3: (i) 2 partnerships formulated with private sector agencies, social enterprises and/or technical partners. (ii) Work-readiness programs launched in 2 priority sectors. (d) DLR: 1.4: (i) 2 partnerships formulated with private sector agencies, social enterprises and/or technical partners. (ii) Work-readiness programs launched in 3 priority sectors. (e) DLIR 1.5: 3 partnerships formulated with private sector agencies, social enterprises and/or technical partners (ii) No. of women and youth received enabling services			
Result Area #2: Improved labor market inclusion for women and youth in emerging sectors			
Enhanced entrepreneurship in priority sectors for women and youth (15-29 years)	12 million	12	Skill Development Department
Improved management and operational capacities in the tourism sector	12 million	12	Tourism Department
Improved training to placement linkages in priority sectors	12 million	12	Department of Industries and Commerce
Result Area #3: Enhanced delivery of enabling services for economic inclusion of women and youth			
'Integrated Economic Inclusion Plans' (IEIPs) developed and implemented	15 million	15	Rural Development Department; Tourism Department; Eco-tourism Directorate of Forest & Environment Department
Enhanced digital readiness for promoting economic inclusion	12 million	12	IT Department
Strengthened capacities on delivering enabling services	8 million	8	Women and Child Development Department; Health Department
Establishment of a comprehensive care system for child care, reproductive health, and geriatric care support	9 million	9	Planning and Development Department, Skills Department, WCD and H&FW.

1.3.1 Program Implementation

Institutional and Implementation Arrangements

The Sikkim INSPIRES Program will be anchored with the Planning and Development Department (PDD), GoS which will convene and ensure coordination amongst the priority departments for planning, implementation and monitoring of activities and fund flows. The PDD will be supported by a Program Management Unit (PMU) hosted within it headed by a Project Director with core PMU team. The role of the PDD is key to ensure seamless coordination across stakeholders. In Sikkim, PDD also functions as the nodal coordinating agency between the central government and line departments. Therefore, PDD's existing role as a 'state coordinator' will be leveraged to deliver the Sikkim INSPIRES Program.

The other state departments or 'priority departments' involved in program implementation are Rural Development Department (RDD), Commerce & Industries Department (C&ID), Skills Development Department (SDD), Tourism & Civil Aviation Department (TCAD), Information Technology Department (ITD), Women & Child Development Department (WCD), Health Department (HD), Directorate of Eco – Tourism (DEC) under the aegis of Forest Department (FD). In addition, parastatal agencies, viz., State Institute of Capacity Building (SICB) under the aegis of SDD, State Institute of Rural Development (SIRD) under the aegis of RDD, Institute of Hotel Management (IHM) under the aegis of TCAD and Indian Himalayan Centre for Adventure and Eco Tourism (IHCAE) under the aegis of the TCAD are also involved in program implementation.

Each priority department will set up a Program Implementation Unit (PIU), for implementation support, monitoring activities and verifying respective Disbursement Linked Indicators (DLI) and associated activities. These include procurement, implementation of activities for achievement of DLIs, regular monitoring and supporting Independent Verification Agent (IVA) to undertake verification of results.

To facilitate interdepartmental coordination, institutional arrangements will include a Programme Governing Committee (PGC) and Programme Coordination Committee (PCC).

The PGC will be chaired by the Chief Secretary, Government of Sikkim and will include Secretaries of Finance Department, PDD, RDD, C&ID, SDD, TCAD, ITD, WCD, HD and FD. The governing committee will provide oversight at the highest level for state level interventions and inter-departmental coordination. The PGC will meet annually to

(i)   review and guide project implementation, with a particular focus on the Employment and Entrepreneurship Promotion Facility;
(ii)   approve annual action plan as well as provide financial and administrative sanction for the activities to be undertaken within the Program;
(iii)   ensure smooth inter-departmental coordination to aid implementation; and
(iv)   provide strategic policy advise and orientation.

The PCC will be chaired by the Secretary, PDD and will include the nodal officials of the Finance Department, PDD, RDD, C&ID, SDD, TCAD, ITD, WCD, HD and FD. The PGC will meet once every four months to

(i)   review and monitor project implementation and provide guidance to the PMU;
(ii)   oversee fund flow and disbursement for smooth implementation of the program;
(iii)   ensure smooth inter-departmental coordination to aid implementation;
(iv)   facilitate timely decision making and course correction; and
(v)   endorse the verification of results (conducted by the IVA).
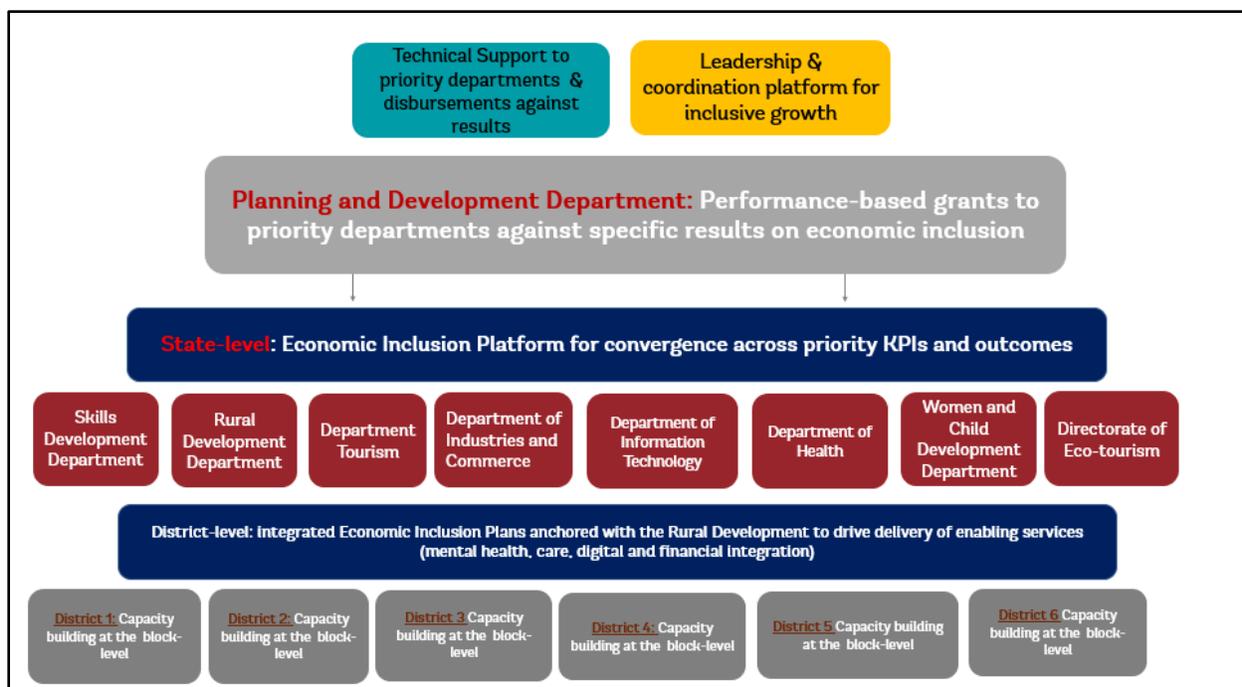
Proposed institutional arrangement for Sikkim INSPIRES

A. Results Monitoring and Evaluation

The overall responsibility of the operation's monitoring and coordination will be with the PDD and the PMU. The PDD will hold quarterly review meetings with concerned officials of the priority departments to track programmatic and financial progress. The PDD will submit two semiannual reports on the operation covering implementation of activities, expenditures, bottlenecks, implementation of the Program Action Plan, and progress toward results as outlined in the Program Results Framework. The PDD will also report on DLI achievements with supporting evidence, which will then be verified by the IVA using the agreed verification protocols. In addition, the PDD will commission implementation of endline surveys and impact assessments for the relevant DLIs, PDO indicators, and intermediate results indicators – at midterm and end of term of the operation.

B. Disbursement Arrangements

For the PforR Program, all disbursements against the DLIs will be based on verification and certification by an Independent Verification Agent (IVA). The GoS will prefinance expenditures for the Program using its own resources. DLI achievement reports will be prepared by GoS, who will submit them to the IVA for scrutiny, cross-checking and verification. The IVA will verify the achievement of the DLRs following the agreed verification protocol. Based on the verification reports from the IVA, GoS will periodically prepare and submit disbursement request applications to the Bank for work satisfactorily completed and verified by the IVAs. Once it is fully satisfied with the evidence of achievement of a DLR, the Bank will inform the GoS and confirm the availability of the corresponding funds for disbursement.

For the IPF Component of the Operation, Bank funds will be used to pay for 'Specific Expenditures'. These include consulting and non-consulting services (IVA, technical support agencies, etc.), goods, exposure visits for key staff of priority departments, and operating costs of the PMU in compliance with the Bank's

policies and guidelines. Disbursements will be based on submission of Interim Unaudited Financial Reports on a quarterly basis.

2. ESSA Methodology

2.1 Introduction

As per world Bank Policy for Program-for-Result (PforR) financing, the World Bank undertook the Environmental and Social Systems Assessment (ESSA)[30] in which the following were examined: (i) the potential E&S effects of the PforR (including direct, indirect, induced, and cumulative effects as relevant); (ii) the borrower's capacity (legal framework, regulatory authority, organizational capacity, and performance) to manage those effects; (iii) the comparison of the borrower's systems — laws, regulations, standards, procedures, and implementation performance — against the core principles and key planning elements to identify any significant differences between them that could affect Program performance; (iv) the likelihood that the proposed operation achieves its E&S objectives; and (v) recommendation of measures to address capacity for and performance on policy issues and specific operational aspects relevant to managing the Program risks (e.g. carrying out staff training, implementing institutional capacity-building programs, developing and adopting internal operational guidelines) through a Program Action Plan.

The following are the World Bank's ESSA requirements:

I.   Preliminary screening: Preliminary screening is done to ensure that activities that are judged to be likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people are not included in the PforR design and are excluded from the Program.

II.   Stakeholder engagement is an essential element of the ESSA process. Through this engagement, both internal and external stakeholders get an opportunity to meaningfully participate in the ESSA process, inform the preparation of the ESSA report, and provide meaningful inputs throughout the lifecycle of the operation. Generally, during the PforR preparation process, field-level one-to-one and focused group community consultations and a stakeholder workshop is conducted to meet the stakeholder engagement requirements.

III.   Analysis: Using secondary literature and the information collected during the stakeholder engagement process, the ESSA analyses the borrower's applicable systems, considering the system both as it is defined in laws and regulations, and as it is implemented in practice. The purpose of this analysis is to determine the systems' capacity to manage the program's environmental and social risks during preparation and throughout implementation.

IV.   Grievance Mechanism (GM): The ESSA reviews the program-level grievance mechanisms and assesses their adequacy and effectiveness. The ESSA confirms that the GMs can receive, record, resolve, and follow up on complaints or grievances received. Further, the ESSA includes any recommendations for enhancing or improving the GM.

V.   Recommendations: ESSA identifies measures and actions to manage any significant gaps in the borrower's capacity to implement E&S management systems at a level commensurate with the identified risks to the Program, and consistent with the Bank's core principles and planning elements. The Bank and the borrower together agree to implement these as part of the Program.

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[30] Requirements for ESSA stipulated in World Bank Policy: Program-for-Results Financing (Policy) and Bank Directive: Program for Results Financing Directive as well as comparison with the core principles found relevant in this context.

<u>Disclosure:</u> It is required for the draft ESSA report to be disclosed before the program appraisal so that the views of interested members of the broader public may be solicited and considered before all Program decisions are made final. Further, the ESSA Report needs to be finalized and the final version needs to be disclosed by end of Appraisal.

Preparation of the ESSA was undertaken by a team of Environmental and Social Specialists and Consultants from the World Bank. The assessment team used various approaches to review the environment and social systems that are relevant to the Sikkim INSPIRES program. The methodology included: (a) secondary literature review, (b) screening of envisaged project activities, (c) consultations – field-level and state-level; (d) field visits, (e) analysis and synthesis of systems' strengths and areas for improvement; which was followed by (f) preparation of the ESSA report.

2.2 Secondary literature review

The ESSA team reviewed the relevant secondary literature prior to and during the conduct of the ESSA. The key documents included applicable Acts, Rules, policies, Government Orders, Circulars, Gazette notifications, peer-reviewed journal articles, paper articles and blogs as part of program preparation. The list of secondary literature reviewed is included in the Annex 1. The desk review focused on understanding the existing policy, operational procedures, institutional capacity, and implementation effectiveness relevant to the activities proposed under the Program. This also included a review of the borrower's systems for managing risks related to land management, labor, solid waste collection and disposal, particularly inorganic waste, electronic waste disposal, noise, vibration, pollution and occupational health and safety (OHS) during civil works, including engaging with citizens (especially the vulnerable and marginalized), and ensuring inclusiveness in the planning, implementation and monitoring of proposed project activities. Using the findings of the secondary literature, the ESSA team carried out the screening, developed questionnaire and checklists for conducting consultations with the Govt stakeholders and community and carried out Key Informant Interviews (KIIs) and Focus Group Discussions (FGDs).

2.3 Risk screening

Environment

Based on the findings of the secondary literature review, proposed program interventions, local context and existing systems and nature and scale of anticipated impacts, a risk category of 'Moderate' has been assigned to Sikkim INSPIRES. The screening reveals that the Program will not have significant or irreversible environmental impacts and that the most prevalent environmental issues will be (i) dust, noise, vibration, construction debris, drainage related to upgradation, O&M of SICB, livelihood schools and community facility centers, renovations and upgradation of feeder roads & last mile connectivity, and installation of fiber optic cables for digital connectivity in one district (ii) disposal of e-waste (iii) occupational health and safety of construction work and emerging sectors for jobs/livelihoods and (iv) increased tourist inflows, all of which can be managed by a mechanism in place for sound environmental planning and monitoring.

Social

Using the findings of the secondary literature, the ESSA team carried out the social risk screening. This screening considered the likely risks arising from social impacts, contextual risks, institutional capacity and complexity risks, and political and reputational risks. In addition, specifically, issues relating to GRMs, community relationship/satisfaction, stakeholder engagement, gender, and labor were considered. The screening revealed that the Program will not have any significant adverse social impacts. The prevalent

social risks related to i) risk of exclusion for disadvantaged and vulnerable groups in far-to-reach/remote areas; ii) intra-district variations in management of E&S risks, including land, labor and SEA/SH; iii) fragmented and weak grievance redressal mechanisms, including for Sexual Exploitation and Abuse (SEA)/Sexual Harassment (SH)/GBV (Gender-based violence); iv) SEA/SH risks for female trainees due to potential interface with construction workers and other community members as well as for female homestay owners; and v) other social risks related to weak two-way information systems for community engagement in planning, implementation and monitoring processes.

The minor, reversible social impacts arising from the civil works to be done, including upgradation/operation and maintenance (O&M) of last-mile connectivity roads/feeder roads; works for optic fiber connectivity in one district (OFC); upgradation/refurbishment at State Institute of Capacity Building (SICB), select livelihood schools, Common Facility Centres (CFCs) and common facilities for entrepreneurs as a part of this Program. (Details on proposed civil works included in the following section) The potential social risks due to the context is primarily due to the hilly areas/terrain where civil works will be undertaken. In terms of social conflict, Sikkim is deemed to be a peaceful state[31] and the existing government programs, to a certain degree, consider E&S risks. Overall, the findings from the screening exercise indicated that the social risk is moderate.

The screening also ensured that the Program does not include activities which are ineligible for financing using the PforR instrument. Based on the information available, the following were confirmed: (a) No land acquisition and/or resettlement to be undertaken; (b) No construction where private land acquisition is required or any land for which clear title or any recognizable claim is not available with the government; (c) No activities that involve the use of forced or child labor; (d) No marginalization of, or conflict within or among, social groups; or (e) No activities that would (1) have adverse impacts on land and natural resources subject to traditional ownership or under customary use or occupation or common property resources; (2) cause relocation of Indigenous People/ tribal communities or have significant impact on them. A detailed list of E&S exclusions is included in Annex 4.

2.4 Consultations with stakeholders

The Bank team interacted with the state and district level officials from the priority departments, to understand the systems and procedures followed by them in implementing specific schemes in the state. Detailed Environment and Social checklists were prepared, tailored to the role and mandate of the priority departments. These were administered to the department nodal officers and/or an officer designated by them. Based on these interactions and material obtained from the departments, the roles and responsibilities as well as the procedures followed by these departments were documented and studied to determine the extent to which they address environmental and social issues. Preliminary findings of the ESSA were also shared with nodal officers from various departments and the PMU staff for their inputs in July 2023.

As a part of the community and stakeholder consultation process to inform the ESSA, the team visited 4 districts (Gangtok, Namchi, Pakyong, and Soreng) out of the 6 districts in the state and held consultations (FGDs and interviews) with government representatives, community members (female trainees, homestay owners, women and youth entrepreneurs, mental health counsellor, vulnerable children at risk of exclusion, contractor undertaking OFC works, and others). Site visits were also undertaken to assess E&S risks, this included visits to a potential last-mile connectivity rural footpath, two potential feeder roads to homestays, and an ongoing rural road upgradation being done by the Rural Development

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[31] A Human Development Report from 2014 mentions that "the state (Sikkim) today is a beacon of peace in the largely volatile and restive north-eastern region of India."

Department. (Photographs of field visits to potential sites are included in Annex 5) The purpose of discussions with stakeholders was to understand the effectiveness of community outreach approaches; social inclusion; participatory processes adopted in the planning, implementation and monitoring stages; efficacy of grievance redress systems; environmental challenges in eco-tourism practices; solid waste collection and disposal, particularly the disposal of inorganic waste, e-waste management schemes etc. and lastly to identify areas for strengthening.

2.5 ESSA report preparation

Using the data/information collected through the consultations and the secondary research, the ESSA team carried out the analysis, which is included in determining the strengths and the weaknesses of the existing regulatory systems and institutional systems that are being considered in the program and identifying gaps that need to be addressed through the Program Action Plan (PAP). The ESSA report is a product of the World Bank team[32] and includes inputs from the GoS representatives at various levels. The inputs received from consultation and the participants of the ESSA disclosure and consultation workshop have also been considered and incorporated in the draft ESSA prior to Program appraisal. Activities undertaken towards preparation ESSA report commenced in February 2023 and are expected to conclude in October 2023 with the disclosure of the final report.

2.6 Consultations through the stakeholder workshop for feedback on ESSA

As a part of the stakeholder consultations, an ESSA disclosure and consultation workshop was organized under the aegis of the World Bank, with support from the GoS, on 20th September 2023. GoS officials from the priority departments, stakeholders from other agencies/ institutions, NGOs, media, trade/industry associations, academia, and community representatives, including *Dzumsa* representatives participated in this workshop. All the invitees to this workshop were provided with the Executive Summary of the draft ESSA report (English) well in advance of the workshop. The Bank team presented the brief of the Program, the ESSA methodology, the draft findings, and recommendations against which feedback from the participants was sought. The structure of the workshop was such that it solicited stakeholder inputs to enhance the Program design and the ESSA itself. Using the feedback obtained during this workshop, the draft ESSA was revised, and the stakeholder feedback was considered vis-à-vis the Program design.

The key takeaways from the Stakeholder Consultation Workshop in September 2023 were: a) improving mental health services for counsellors dealing with substance abuse cases; b) ensuring participation of sub-district level representatives in planning and implementation of program activities; c) continuous stakeholder engagement should be ensured throughout implementation; and d) key program information should be widely disseminated in local language. Summary of the key points discussed during the consultation workshop is included in Annex 3.

2.7 Disclosure of the Draft and final ESSA

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[32] The World Bank team responsible for this ESSA includes Nadeera Rajapakse <nrajapakse@worldbank.org> (Environmental Specialist), Divya Lad <dlad@worldbank.org> (Program Analyst), G. Srihari <gsrihari@worldbank.org> (Senior Social Development Specialist), Bodhisatya Datta <bdatta@worldbank.org> (Consultant), and Khriethonuo Tungoe <ktungoe@worldbank.org> (Resident Consultant, Sikkim INSPIRES).

The Executive Summary of the draft ESSA was disclosed on the website of the GoS[33] in September 2023. The final ESSA will be disclosed on the Bank's external website and the GoS website in October 2023. The executive summary of the final ESSA will also be translated to Nepali language and disclosed on the GoS website in October 2023.

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[33] Available at: https://sikkim.gov.in/departments/development-planning-economic-reforms-affairs-department/draft-executive-summary-of-essa-for-the-sikkim-integrated-service-provision-and-innovation-for-reviving-economies-inspires

3. Key Issues, Benefits, Impacts and Risks

The key program activities which have E&S implications are: i) civil works[34] for upgradation and operation & maintenance (O&M) of feeder roads and last-mile connectivity roads; ii) civil works[35] for IT connectivity/optic fiber connectivity (OFC) in one district; iii) upgradation/refurbishments of SICB and select livelihood schools; iv) upgradation of CFCs and common facilities for entrepreneurs; and v) increased waste generation and natural resource exploitation due to increased tourist inflows. Therefore, E&S risks as follows:

3.1 Environmental effects

3.1.1 Key Environmental Issues/Risks

Assessment of the likely environmental risks of the Program have been made using the following criteria (i) likely environmental issues/risk of program interventions (ii) nature and expected scale of the issues/risks (iii) capacity and track record of the participating institutions to plan and manage the likely program related environmental issues/risks (iv) requirements of the regulatory framework of the country and the state of Sikkim that will ensure such issues/risks are addressed mandatorily and (v) level of reputational risk to the Bank and the Government in the event such issues/risks are not adequately addressed. As such, Sikkim INSPIRES is categorized as a moderate environmental risk project.

The key environmental issues and risks envisaged under INSPIRES is as below:

a. Construction related negative environmental impacts from renovation of buildings, upgradation of existing feeder roads and laying fiber optic lines to expand digital connectivity – such as, dust, noise, vibration, waste generation, soil erosion, drainage issues etc.
b. Generation of solid waste particularly inorganic waste – issues related to their collection and disposal systems.
c. Generation of e-waste including battery waste which requires careful disposal to avoid potential environmental contamination.
d. Occupational health and safety risks during construction work and in emerging economic sectors due to inadequate adherence to safety measures
e. Potential risks from eco-tourism to the environment such as from infrastructural development, increased solid waste generation, increased wastewater generation, extraction of raw material, high energy consumption, destructive visitor behavior, illegal activities etc. resulting in impacts to land and water resources and threats to native biodiversity.

3.1.2 Potential environmental benefits and opportunities

The net environmental impact of the program will be positive; There are many potential environmental benefits and opportunities that the Program will introduce directly and indirectly, including:

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[34] Sites for proposed civil works will be determined during implementation through IEIPs, which will integrate E&S considerations to inform site selection. The Tourism department will undertake only upgradation/O&M of existing feeder roads leading to homestays by metaling them. This work will not entail any widening from the existing width of 3.75 meters. The typical length of the feeder roads is expected to be between 1 and 2 kilometers. The rural development department will undertake upgradation/O&M of existing rural footpaths for connecting remote villages to the road network. This upgradation work will be undertaken in convergence with the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme. The proposed works would involve widening of existing rural footpaths of average length 4 feet by 2 to 3 feet. Both departments have in-house engineers who will be responsible for designing the roads and monitoring the work awarded to the contractors.

[35] For OFC, the IT department would contract works for erection of poles and the cables would be strung from those poles. This would be undertaken along the existing right of way of the national highway in one district of the state. No trenching will be done to lay the cables as the network will be overhead. The minor civil works for upgradation/refurbishments of SICB, livelihood schools and upgradation of CFCs and common facilities for entrepreneurs will be undertaken by the Public Works Department (PWD).

a. Increased opportunity for economic inclusion among the most vulnerable people in society will benefit the environment as higher incomes and financial security is likely to lessen the need to over-depend on limited natural resources.

b. The development of skills for green jobs is crucial as it will help foster change and facilitate efficient transition to a green economy by making the required skills available.

c. Promotion of skills for green jobs in the labor market is likely to influence investments in green activities and thereby help accelerate green economic transformation.

d. Adoption of eco-friendly approaches to economic production will bring climate change benefits and contribute towards the country's plans towards mitigating climate change.

e. Knowledge and awareness that typically accompany skills training is likely to lead to greater environmental awareness, directly and indirectly, through exposure to multiple channels of information.

f. Enhanced institutional capacities of various training/coordinating institutions leading to the optimum utilization of existing infrastructure and resources available will minimize environmental impacts resulting from inadequately planned infrastructure.

g. Expansion of eco-tourism in a regulated and sustainable manner is likely to lead to increased awareness and efforts for conserving the unique ecosystems and biodiversity in Sikkim.

h. Reduced reliance on agriculture-based livelihoods will help women and youth, who are seeking gainful employment, better manage climate related risks and vulnerabilities.

3.1.3 Broad Level Environmental Risk Analysis of Proposed Investments

Results Area	Activities	Potential Environmental Risks/Benefits and Rating
RA 1: Strengthened state systems to deliver inclusive growth.	• Support the creation of Employment and Entrepreneurship Promotion Facility • Capacity building of the PDD to enhance policy and technology fluency • Support the inclusive 'Growth Alliance' with businesses, government agencies, development partners and civil society • Provide finical incentives in the form of subsidies, tax breaks and govt equity for social enterprise development • Finance communication outreach and boot camps • Deliver mentorship programs for female trainees	**Risk rating** - Low **Benefits** Strengthened policy and institutional framework to address unemployment and poverty leading to the growth in employment opportunities in priority non-farm based emerging markets and reducing dependence on natural resource dependent and climate vulnerable sectors. Institutional and policy support for development in green sectors will facilitate transition to green economy.

	• Deliver safety at workplace interventions for women entrepreneurs and home stay owners • Provide career counselling, profiling and job search assistance • Support the creation of an information cell at the PDD and strengthening MIS systems in priority departments.	
RA2: Improved employment linkage for women and youth in priority sectors	• Improving the quality and range of short-term skill training in priority sectors such as tourism, green jobs, IT, wellness, care and creative design • Strengthening the capacity of Livelihood Schools • Provide support from training to placement • Support entrepreneurship development and labor market linkages including links to SME and OAE • Capacity strengthening of state skill development institutions • Entrepreneurship development in priority sectors including easy and affordable access to finance, training in technical, business development and socio emotional skills, network with industry experts, developing market linkages and setting up of a one-stop shop for nano enterprises. • Refurbishment and digital upgradation of the SICB • Renovation/upgradation of selected livelihood schools and Common Facilitation Centers	**Risk Rating**: Moderate **Benefits** Support to eco-tourism and renewable sectors will help better manage stress from tourism and expedite transition to net zero. Well managed eco-tourism will bring huge conservation benefits and create sustainable local livelihoods. Increased opportunity for income generation in non-farm based emerging markets directly and indirectly reducing dependence on natural resources. **Risks** Potentially adverse environmental impacts of minor civil works construction of CFCs that could cause localized, site-level pollution and OHS issues. Inconsistent application of EHS provisions in civil works contracts by contractor. Increased waste generation and natural resource exploitation due to increased tourist inflows, especially in high-altitude ecologically fragile areas.
RA3: Enhanced delivery of enabling services for economic inclusion of women and youth	• Development of Integrated Economic Inclusion Platforms (IEIPs) for district. • Finance IEIP in the areas of locally driven rural tourism, entrepreneurship based on whole	**Risk**: Moderate **Benefits** Greater connectivity will lead to greater employability with skills training provided by INSPIRES which will have an

		indirect beneficial impact on natural resources from reduced dependency and increased environmental awareness. Strengthened MIS system for information management will facilitate monitoring of increasing tourism and eco-tourism footfall which will be serve as an important baseline data source for impact monitoring. **Risks** Implementation of overhead fiber lines along existing roads and highways will involve minor earthwork and civil works. The typical environmental impacts of such work will be minor. Disposal of end-of-life hazardous IT/electronic waste Increased waste generation and natural resource exploitation due to increased tourist inflows, especially in high-altitude ecologically fragile areas.
	of community engagement, eco-tourism, strengthen joint forest management committees and eco-development committees, business support to women led businesses and youth entrepreneurs in non-farm sectors, enhanced transport options and upgradation and maintenance of community level last mile minor infrastructure such as roads • Finance internet connectivity in one district • Strengthen capacities of health care professionals on mental health • Strengthen the long-term care ecosystem (child and geriatric) through training and certification of a cadre of care service providers	

3.2 Social effects

3.2.1 Potential social issues/risks

For feeder roads/last mile connectivity roads, the proposed interventions would be limited to operation and maintenance/upgradation of existing roads/rural footpaths on Government lands free from any encumbrances. The Program would not involve any activities which require private land acquisition or any land for which clear title or a recognizable claim is not available with the government. Land-taking, if any, will be of a minor nature and shall be taken through donation from individuals/communities. The Zilla Panchayat representative shall ascertain voluntariness of such donations and also ascertain that it does not lead to significant adverse impacts on the livelihood of the household. No new road construction will be undertaken. The sites would be determined during implementation through IEIPs, which will integrate E&S considerations to inform site selection. Except for OFC related civil works, which may involve inflow of 40-50 male migrant semi-skilled laborers, civil works are likely to be undertaken by local laborers and community workers.

The potential social risks are:

(a) worker and public safety risks in case of non-compliance by contractors for the proposed civil works, particularly given the hilly areas/terrain;

(b) intra-district variations in management of E&S risks, including land, labor and SEA/SH;

(c) potential exclusion of vulnerable groups and those residing in remote areas due to lack of information and/or awareness;

(d) potential SEA/SH risks for female construction workers and female trainees in case of interface with laborers (both local and migrant) and other communities in the vicinity;

(e) likelihood of community members facing temporarily restricted access to areas under civil works;

(f) low participation rate and high dropout rates of trainees/students from vulnerable groups in certain remote districts, such as Gyalshing;

(g) lack of clear two-way information flows/ communication pathways for sustained beneficiary/ citizen engagement;

(h) limited influx of semi-skilled laborers for civil works related to OFC; and

(i) high prevalence of substance abuse leading to difficulty in employee retention.[36]

3.2.2 Potential social benefits and opportunities

There are many potential social benefits and opportunities of the Program. Some of the benefits include the following:

(a) Improved access to economic growth opportunities for vulnerable and disadvantaged groups (such as scheduled tribes (STs), scheduled castes (SCs), Persons with Disabilities (PwDs), youth at childcare institutions, and remote communities, among others);

(b) improved awareness and participation leading to enhanced planning capacity at the district-level;

(c) strengthened functionality and access of the state's grievance redressal mechanism (GRM); and

(d) improved labor management at construction sites; and

(e) Indirect benefits from proposed last-mile connectivity/feeder roads to other stakeholders not covered under INSPIRES. For instance, upgradation of a potential feeder road, visited during ESSA preparation, in Parbing, Gangtok, would lead to improved access to a primary school and an Integrated Child Development Services (ICDS) centre along the route.

3.2.3 Social risk analysis of proposed investments

The table summarizes the prevalent social risks under each of the planned activities of the program:

Result Area	Key Investments/ Activity	Potential social benefit	Potential social risks/ issues
RA-1: Strengthened state systems to deliver inclusive growth	- Creation of an Employment and Entrepreneurship Promotion Facility.	- State level capacity-building for integrated planning and implementation	- Exclusion of vulnerable and disadvantaged groups and those residing in remote areas

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[36] Sikkim has one of the highest prevalence of opioid use in the general population (more than 10%) in India. At the national level, 0.66% of Indians aged 10—75 years use cannabis in a harmful or dependent pattern. In Sikkim, this proportion is considerably higher than the national average at 2.9%.

	(a) IEC activities on career options, aspiration management, development of entrepreneurial mindsets, etc. (b) bootcamps that focus on building generic non-cognitive skills (c) international language learning programs (d) mentorship for female trainees of skill development programs (e) digital literacy - Integrated MIS dashboard on economic inclusion - Impact Evaluation	of social development activities.	due to lack of information and/or awareness.
RA-2: Improved employment linkages for women and youth in priority sectors	- Refurbishment and digital upgradation of SICB, select livelihood schools and common facilitation centers - Entrepreneurship development and enterprise support in non-farm sectors for women and youth. - Improved short-term skilling training and placement support in priority sectors (tourism, green jobs, IT/ITeS, hospitality and wellness, care, and creative design).	- Strengthening of SYSS implementation would lead to increased credit access and handholding support for Persons with Disabilities (PwDs).[37] - Increased opportunities for economic inclusion of dropouts and unemployed youth and women. - Growth of tourism in rural pockets.	- Most common complaint received by Niyukti Kendra from employers was regarding substance abuse.[38] - Out of the 5 Model Career Counselling Centres operational, none are located in Gyalshing and Pakyong districts, which could hinder outreach and awareness in these districts. - Worker and public safety during civil works. - Possible exclusion of vulnerable groups and those residing in remote areas due to lack of information or awareness. - SEA/SH risks for female trainees at SICB and

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[37] SYSS selection process prioritizes PWD applicants and offers them 50% loan subsidy. https://industries.sikkim.gov.in/wp-content/uploads/2021/03/Youth-Skilled-Start-Up-Scheme-converted.pdf [Currently the allocation under the scheme has been low, mainly in basic industries such as agriculture and allied activities, due to low risk-taking appetite of entrepreneurs].

[38] Based on Key Informant Interview at *Niyukti Kendra*.

			livelihood schools during civil works. - SEA/SH risks for female trainees due to lack of adequate transportation facilities at IHM and for female homestay owners.
RA-3: Enhanced delivery of enabling services for economic inclusion of women and youth	- Development and implementation of IEIPs - Internet connectivity pilot in one district - Development of a Centralized Beneficiary Platform (CBP) - Training and migration support on caregiving, reproductive health, early childhood development - Upgradation and maintenance of community-level last-mile minor infrastructure such as roads - Promotion of rural tourism and eco-tourism - Strengthening Joint Forest Management Committees (JFMCs) and Eco-Development Committees (EDCs) - Comprehensive financial and business support to women-led/managed businesses and youth entrepreneurs	- Improved awareness and participation leading to enhanced planning capacity at the district-level. - Reduced dependence on middlemen/ agents[39], especially for female entrepreneurs. - Increased access to mental health services for communities in far-to-reach areas. - Strengthened community-based planning and implementation of activities through JFMCs and EDCs.	- Public and worker safety concerns during last-mile connectivity and other civil works, particularly given the hilly areas/terrain. - Land used for feeder roads/last-mile connectivity roads could be encumbered. - Lack of adequate consultations with vulnerable and disadvantaged groups to inform the development of IEIPs.
	Social risk rating		**Moderate**

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[39] For instance, according to homestay owners consulted, travel agents currently take a 25%-30% share of their revenue. Enhanced digital connectivity would also support growth in homestay owners' revenue from remote workers looking for longer duration stays.

4. Institutional Assessment

This section provides details of the existing institutional setup at the national and state levels as well as an assessment of the social and environment management capacity of the current system.

National-level

Ministry of Development of North Eastern Region (MDONER)[40]

The MDONER is the nodal department of the Government of India (GoI) to deal with matters related to the socio-economic development of India's northeastern region (NER). It is responsible for the planning, execution and monitoring of development schemes and projects in the NER. While MDONER coordinates with various ministries/departments primarily concerned with development and welfare activities in NER, respective ministries/departments are responsible for the subjects allocated to them.

The ministry has a designated officer for grievance redressal, who can be reached through mobile and e-mail. Grievances to the ministry can also be addressed through the online platform Centralised Public Grievance Redress and Monitoring System (CPGRAMS)[41], which is the one-stop GRM portal for all the Ministries/Departments of GoI and the states, including Sikkim.

State Level:

Planning and Development Department
Department of Planning and Development is the nodal department for sustainable development and structural reforms in the State of Sikkim. It coordinates with Ministries/Department in the Union Government for synchronizing development efforts of the State and aligns them with State and National priorities. The department has responsibility for allocating resources for development programs to the line Departments. Besides making an assessment of resources of the State that could be allocated to various development programmes, it presents the case of the State for resources from the Union for schemes/programmes of Central Sector and Centrally Sponsored Schemes.

- **The Directorate of Economics, Statistics, Monitoring and Evaluation** is a functional arm of the Department of Planning and Development compiles the gross state domestic product and is primarily responsible for data collection, data compilation and data dissemination to ensure that information relating to State is update and available to all stakeholders.

Commerce and Industries Department
This department has been created with the goal of attracting national and international investments into the state of Sikkim by offering various incentives and subsidies to invest in the state and boost its economic growth. Sikkim's Department of Industries has been instrumental in promoting rapid industrial growth in the state. The following functional arms of the Commerce and Industries Department will play a role in the program:

- **Sikkim Khadi and Village Board** - Sikkim Khadi & Village Industries Board was formed in 1978 to promote and expand Khadi and village industries. It has developed training-cum-production centres throughout Sikkim. The Board's main goal is to expand its activities, increase the number

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[40] https://mdoner.gov.in/
[41] https://pgportal.gov.in/

of craftsmen, boost profits, adopt institutional funding, improve quality, reduce costs, and create village jobs.

- **State Trading Co-operation of Sikkim**
  The State Trading Corporation of Sikkim was constituted in 1972 for the purpose of promoting external and internal trade in Sikkim.

Department of Information Technology

The Department of Information Technology (DIT) was set up in the year 2000 to implement the IT policy of the Government of Sikkim. The Department's objective is to promote and facilitate effective integration of technology with governance, through planning, programming, training, consulting and other support activities to achieve the ultimate aim of an electronically connected and transparent government. The IT department will be a key stakeholder of the proposed PforR and will work towards greater connectivity and data for planning to improve administration of state programs and services. The Department has ample experience in installing digital connectivity in Sikkim and is currently engaged in erecting fiber optic lines along a length of 200km in the Soreng District. The Department does not have in-house capacity for E&S risk management and will require technical assistance from the Program to ensure Program investments in the IT sector follows necessary due diligence to ensure E&S impacts management during network expansion to other areas.

For disposal of e-waste, the IT Department has a process where all departments are expected to submit lists of all defective IT equipment, which is inspected and verified by IT staff and channeled to repair or to a central warehouse before final disposal. Once a sufficient quantum of e-waste is collected in the warehouse, the waste is sent to the government enlisted recycler based in Kolkata for recycling/disposal as per the applicable norms.

Skills Development Department

The Skill Development Department was established, by the Government of Sikkim in September 2015 with the objective of eradicating unemployment amongst the youth by facilitating employment generating skills and programs, in order to make youth self-reliant and in the process promote entrepreneurship. It does so through various programs and schemes designed to create awareness among unemployed youth, provide vocational and technical training, forge linkages with industry and promote PPPs with various industries who require skilled manpower and thus facilitate employment. The Department also aims to enhance participation of female labor and other disadvantaged sections [42]. The nature of the Department activities is such that the impact on the environment is minimal. As such the Department has no dedicated in-house resources for environment management.

- **State Institute of Capacity Building (SICB)**
  The State Institute of Capacity Building is the operational arm of the Skills Development Department and has been established in 2009 with the purpose of imparting training, transfer of knowledge and building stronger capacities of the unemployed youth. The objective is to create a highly skilled workforce empowered with improved skills, knowledge and also equipped to enhance the earning potential and livelihood, both in the organized and unorganized sectors. The Department has introduced the concept of livelihood schools to develop the capacity of unemployed youth and has established 32 livelihood schools that come under the purview of the

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[42] https://sikkim.gov.in/departments/state-institute-of-capacity-building

State Institute of Capacity Building. The SICB is equipped with staff at various levels who are well experienced in environment, health, safety and social risk management in the respective training programs.

Rural Development Department (RDD)

The Rural Development Department plays a very important role in poverty alleviation and rural development of rural Sikkim. The objective of the RDD is to ensure progress, prosperity and self-reliance amongst the people, especially women, while providing them with basic infrastructural to uplift their lives (*rural housing, drinking water, water storage, community centers, minor irrigation, ground water enhancement, rural connectivity*) and training support for sustainable rural livelihoods. It is also responsible for the development and management of the of welfare initiatives in rural Sikkim. The RDD typically promotes eco-friendly, sustainable forms of livelihood that has very little adverse environmental impacts, if at all. In some instances, investments that aim to build rural infrastructure will require environmental clearances from the State Government. The RDD does not have in-house staffing and resources to carry out E&S risk management.

- **State Institute of Rural Development** (SIRD)
  The SIRD functions under the RDD and conducts training on various entrepreneurship and livelihood activities to facilitate rural development and poverty alleviation.

Tourism & Civil Aviation Department

Sikkim being a major tourist destination and one of its key industries that provide employment and income, the Department's mandate is to promote and regulate tourism within the state. According to the government mandate, all the lodging sectors (Homestays, Hotels, Lodges etc.) whether private or public, are obligated to be registered with the Tourism & Civil Aviation Department. The Sikkim Registration of Homestay Establishment Rules 2013 lays down the eligibility, procedure for registration and guidelines for the management of homestays in Sikkim. The Department has its own Engineering Cell who can be trained to perform E&S due diligence under INSPIRES.

The following functional arms of the Commerce and Industries Department will play a role in the program

- **Institute of Hotel Management**
  Established in 1990, the Institute offers various certified courses and programs to provide sufficient academic knowledge and training to be able to meet the standards required by the hospitality industry

- **Indian Himalayan Centre for Adventure and Eco-tourism**
  The Institute is basically designed to introduce and educate young people & school children to the exciting, unexplored possibilities of nature and encourage the youth of the Nation to take up adventure sports as a profession.

Women and Child Development

The Women and Child Development Department was created in 2021. Prior to this, matters pertaining to women and children were under the Social Justice and Welfare Department. The key mandate of the department is implementation of GoI schemes on nutrition, economic welfare, child protection for women and children. Under the Program, the WCD will serve as an integrated platform for vulnerable women (such as destitute, widows) and youth (such as youth at childcare institutions) to access skills

training and/or entrepreneurship support. The WCD would also support vulnerable women get into the mainstream through outreach and awareness on digital literacy, financial inclusion, etc. Thirdly, the WCD would support the skills training for caregiving being planned under the Program.

Health Department

The key mandate of the Health Department is to foster a healthy society through provision of quality health care services for all its citizens reaching up to remotest village of Sikkim. The Department of Health & Family Welfare has made significant progress in providing health care services to the people of the State and has one of the best Primary Health care infrastructures in the country. Under the Program, the Department will be strengthened to provide mental health, child geriatric care services as an enabling condition to promote economic inclusion among women and youth. The Department has a Sanitation Cell with required staff to oversee biomedical waste management as per the Bio-Medical Waste Rules 2016 and consequent regulations, standards and guidelines.

Department of Forest and Environment

Forest and Environment Department is mandated with control and management of forests, environment and wildlife; creation, control and management of National Parks, Wildlife Sanctuaries, gardens, forests work, construction and maintenance including check posts, forest rest houses, sawmills, machinery and equipment, enforcement and implementation of Acts and laws related to Forest, Wildlife and Environment and host of such other activities of the State. Forestry is a major land-use in Sikkim with the India State of Forest Report 2021, estimating the total forest cover in Sikkim at 47.08%. Of the total land cover, 82.31% comes under the administrative control of this Department. The Department manages 7 Wildlife Sanctuaries, one National Park, one Conservation Reserve and one Biosphere Reserve totaling an area of 3300 sq.km. The vision of the Department is to make Sikkim a sustainable state that is extremely conscious of its rich biodiversity.

- **Directorate of Eco-tourism**

  Directorate that operates under the Department of Forest and Environment has been formed with the objective implementing the eco-tourism policy. The directorate is specifically tasked with conducting surveys, developing products based on socio-cultural, nature and wildlife activity, developing marketing strategies, liasing with ground level eco-tourism development committees for developing and promoting identified products and human resource development[43].

  The DEC requires the beneficiary of a proposed eco-tourism business to submit a report on the selected location, construction plans and business plans prior to commencement of business activity, if the proposed business is to be located in Protected Areas. The DEC offers training and capacity building to beneficiaries who are engaged in eco-tourism business and these trainings are conducted based on stakeholder meetings.

Public Works Department

The Public Works Department (PWD) is responsible for design and construction of buildings, roads, bridges and other built infrastructure. Under this program, the PWD of Sikkim will be involved in the upgradation/refurbishment of SICB, livelihood schools, CFCs, etc. The State PWD typically follows the guidelines, works manual and standard EHS contract provisions set by the Central Public Works Department. Consultations with the Department revealed that Environmental Management Plans are

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[43] https://www.slideshare.net/sunhimalaya/sikkim-ecotourism-directorate

prepared for any project exceeding INR 10 million and are submitted to the Forest and Environment Department, who also gets involved in project monitoring. Environmental audit reports prepared for large projects. The Department faces significant challenges in managing E&S risks as there are no designated staff and resources committed to E&S sustainability. Currently they follow the guidelines laid out by the CPWD which covers environment, health and safety aspects on infrastructure development.

State Level Environmental Regulatory Institutes of importance

State Level Environmental Impact Assessment Authority (SEIAA)
The State Level Environmental Impact Assessment Authority has been constituted in Sikkim in 2008 under the Environment (Protection) act of 1986 and in pursuance of the Govt of India EIA notification dated September 2006. It is empowered to grant 'environmental clearance' to protect the environment and mitigate pollution resulting from (i) new projects or activities and (ii) expansion & modernization of existing projects and activities that fall under 'Category B'. The SEIAA will base its decisions of Environmental Clearance on the State Level Expert Appraisal Committee constituted for the State of Sikkim.

State Pollution Control Board (SPCB)
The State Pollution Control Board of Sikkim was set up as an autonomous body through Government of Sikkim notification in the year 2008 under the provision of the Water (Prevention & Control of Pollution) Act, 1974. The SPCB-Sikkim advises the state government in terms of measures to be taken for prevention, control and abatement of pollution and is bestowed with the power of implementation of different Acts and Rules pertaining to environment pollution control, waste management and compliance with emission and effluent standards 44. On environmental pollution control, the SPCB is responsible for granting 'environmental consent' for industries to establish and operate within the State of Sikkim and monitoring the operations of these industries on a regular basis. They have the power to issue directions, closure orders and remediation costs against non-compliant industries. An integrated permit system is in place to a large extent.

The Sikkim Biodiversity Board
The Sikkim Biodiversity Board was established in October 2006 as a statutory body under the Biological Diversity Act to conserve the state's biodiversity and regulate the commercial use of biological resources so that local communities get an adequate share of the economic benefit arising from the use of these resources. The Sikkim Biodiversity Board is under Forest, Environment & Wildlife Management Department. The board published Sikkim State Biological Diversity Rules in 2006. Commercial bodies harvesting natural resources from an area for economic benefit are required to obtain clearance from the Sikkim Biodiversity Board and deposit a collection fee. The Board is required to set up Biodiversity Management Committees at village and town level to help it in this activity. Biodiversity Management Committees keep a record of local natural resources and their use. They comprise members of the local body, school-teachers, cultivators, medical practitioners and all other stakeholders whose livelihood depends upon local biological resources, and play an important role in implementation of the Biological

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[44] The State Pollution Control Board-Sikkim implements the following Acts and Rules in the State of Sikkim (i) Water (Prevention & Control of Pollution) Act,1974 (Air (Prevention & Control of Pollution) Act,1981 (iii) Environment (Protection) Act, 1986, (iv) Hazardous & Other Wastes(Management & Transboundary Movement) Rules, 2016, (v) Bio-Medical Waste Management Rules, 2016, (vi) Solid Waste Management Rules, 2016, (vii) Plastic Waste Management Rules, 2016, (viii) E-Waste(Management) Rules, 2016 (Construction & Demolition Waste Management Rules, 2016 (ix) The Noise Pollution (Regulation & Control) Rules, 2000 , (x) Environmental Impact Assessment Notification, 2006

Diversity Act at field level. The Biodiversity Management Committees are also entrusted to prepare Peoples' Biodiversity Registers. Information about the local flora and fauna (both wild and domesticated), its use and associated traditional knowledge will be recorded in these registers.

Procedures and practices for environmental risk management

a) Environmental screening of small-scale infrastructure development

Infrastructure projects with major civil works and anticipated significant environmental impacts go through the national/state EIA clearance. These project categories are listed in the EIA notification and the clearance process is defined based on their capacities to obtain prior environmental clearance. However, small scale civil works, as in the type of work envisaged under INSPIRES, are not required to obtain state environmental clearance/permission. As such, there is no properly defined environmental screening and impact management process that is currently followed by any of the Departments for projects with low to moderate environmental risk. During the construction/implementation phase, mechanism/system to monitor and report on E&S compliances for small scale construction work also does not exist. Most of the priority Department under INSPIRES, other than the Forest and Environment Department, do not have specialized environmental staff who oversees environmental risk management of their respective instituitional work programs.

b) Integration of environmental management of civil works

The Sikkim State PWD will be contracted to carry out civil works on behalf of the RD and the Tourism Department. The PWD aligns their work procedures with the national guidelines prescribed by the Central PWD. These guidelines integrate EHS aspects regarding worker safety, work camp arrangement, burrow pits, fore safety etc into the Departments Manual and contract conditions. However, given that a clear environmental screening and risk management process for small scale civil works with low to moderate impacts do not exists, site specific EHS issues are generally not adequately captured in the contract conditions that later become part of that contractor's contractual obligations.

c) Skill development

Integration of environmental management and occupational health and safety into training curriculum follows a well-defined national process. There is a robust process for development of National Occupation Standards (NOS) by the Sector Skill Councils, that specify the standard of performance an individual must achieve when carrying out a function in the workplace, which integrates EHS aspects into the relevant Qualification Packs (QPs) for a particular job. Once integrated into the QPs/NOSs, EHS aspects are then integrated into the training process by training providers. The existing training curricular for skills development under the SDD incorporates EHS measures. For new and emerging sectors for which QPs are not yet established, EHS aspects specific to the sector should be developed following the due process.

d) E-waste management

For E-waste, the Government of Sikkim has a collection routine from all government departments where they are temporarily stored and later transferred to a recycling facility situated in another part of India.

Procedures and Practices for Social Risks Management

a) Land and related impacts

The feeder roads/last-mile connectivity roads for upgradation/O&M would be identified at implementation stage through the IEIPs, which would incorporate E&S considerations during site selection. The Tourism department will undertake only upgradation/O&M of existing feeder roads leading to homestays by metaling them. This work will not entail any widening from the existing width of 3.75 meters. The typical length of the feeder roads is expected to be between 1 and 2 kilometers. The rural development department will undertake upgradation/O&M of existing rural footpaths for connecting remote villages to the road network. This upgradation work will be undertaken in convergence with the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme. The proposed works would involve widening of existing rural footpaths of average length 4 feet by 2 to 3 feet. Both departments have in-house engineers who will be responsible for designing the roads and monitoring the work awarded to the contractors. In case of digital connectivity, the works would be undertaken along the existing right of way of the National Highway in one district. Currently, similar work being undertaken in Soreng district is for an approximate length of 200 kilometers. The typical distance between poles is 35 meters. However, the exact scale of works proposed under INSPIRES will depend on which district will be selected. The minor civil works for upgradation/refurbishments of SICB, livelihood schools and upgradation of CFCs and common facilities for entrepreneurs will be undertaken by the PWD only on government lands. There are intra-district variations in management of E&S risks, such as land-related aspects. Voluntary donation of land by community members for works undertaken by RDD is currently done through a simple one-page written undertaking (no standard format) to the department.

b) Labor Standard Compliance

The engineering cells at the departments (Tourism and RD) undertake selection of contractor, preparation of DPR and execution and supervision of works, including contractor's compliance to labor laws (including avoidance of child and forced labor, prohibition of bonded labor, minimum wages, provision of accommodation and other facilities, etc.). Standard clauses on labor management are integrated in the contractors' contracts/ bid documents. As per current practice, the implementing departments are also required to obtain a clearance from the labor department before any payments are made to the contractor. The RDD follows MGNREGA guidelines for labor management for the works under the scheme. However, there is currently limited provisioning for site-specific E&S management plans nor are OHS of workers and public safety monitored effectively at the sites.

c) Grievance Redressal Mechanisms

GoS has an online general Grievance Redressal System and a phone number (035922000000)[45] for all complaints. Complaints received through the portal are sent to the respective department to be addressed following the administrative procedure prescribed by the GoS. In June 2023, the Grievance Redressal Index (GRI) of Sikkim was highest in the NER with a score of 66.7%.[46] However, it must be noted that the GRI only accounts for two dimensions: timely disposal of grievances and quality disposal of grievances. It does not account for the total number of grievances received, which in the case of Sikkim was only 176 for the period between 1st January, 2023 and 30th June, 2023, making it the lowest in the NER. Recently, the GoS has announced a new GRM under which, District Administrative Centres, Sub-Divisional Administrative Centres, and Block Administrative Centres will be established for redressing various service delivery issues faced by the citizens. The plan also includes development of a software application and mobile application for the Grievance Redressal and Monitoring System by the IT

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[45] Nodal Public Grievance Officer for Sikkim as per Department of Administrative Reforms and Public Grievances, GoI
[46] CPGRAMS Monthly Report - States/UTs June 2023

department.[47] As per national guidelines, the state also has a 24X7 women's helpline[48] for supporting women in distress, facing violence or threat of violence, both in private and public spaces, within the family, community and at the workplace. The helpline number received 5,881 service calls between April 2022 and March 2023, which included calls for support in cases of domestic violence, SEA/SH as well as for information-seeking, counselling, etc. (Source: Women's Helpline Office, Gangtok)

At the department-level, all the priority departments confirmed that they have a designated grievance redressal officer. Most common channels of receiving grievances are e-mails and departmental websites. Under the Skills Development department, all training centres are required to maintain a register for grievances of the trainees. The SICB has contracted a private entity for addressing grievances of trainees, however, currently the grievance management by the private entity is not being monitored regularly. All departments also reported that an Internal Complaint Committee (ICC), which caters specifically to workplace related sexual harassment complaints[49], has been constituted except in the case of State Rural Livelihoods Mission (SRLM) under Rural Development Department.

An analysis of the GRM across departments revealed that the current systems lack: i) multiple channels for receiving grievances, including anonymous grievances; ii) a log/record/database of grievances received in a systematic manner; iii) widely publicized information on GRM processes for the communities; iv) a clear and transparent grievance resolution process, governance structure, communication process; and v) a clearly outlined appeals process.

d) Stakeholder Engagement
Information Education Communication (IEC) materials both in print (brochures, flyers, standees etc.) and digital media (social media) are most used by departments to disseminate information on various schemes. English and Nepali are the commonly used languages for communication. Some examples of department-specific stakeholder engagement practices are mentioned below:
- The rural development department leverages the Self-Help Groups (SHGs) and Federations for sharing information and collecting feedback from rural women and other stakeholders.
- The skills development department organizes mobilization camps, job *melas* and *rojgar melas* (employment fairs) for trainees, parents of trainees, other line departments, employers and project implementing agencies/training providers. The department has made it mandatory to undertake parents' feedback/counseling prior to placement of the trainee. SICB representatives participate in Gram Sabha to disseminate information and exchange views and suggestions.
- The tourism department disseminates key information about schemes to different stakeholders' associations, which in turn relay it to their members. For destination-specific programs, the department also works with local bodies and NGOs for support in scheme implementation.

e) Social Inclusion
The existing schemes include specific provisions for inclusion of vulnerable and disadvantaged groups. Some of the examples from current schemes are given below:
- The National Policy on Skill Development promotes entrepreneurship among under-represented groups, suggesting special focus to be given to the inclusion of SCs, STs, minorities, differently

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[47] Source: India Today NE [https://www.indiatodayne.in/sikkim/story/sikkim-introduces-grievance-redressal-and-monitoring-system-to-enhance-citizen-satisfaction-578386-2023-06-12]
[48] The 24X7 women's helpline number is 181 (uniform across India) which is monitored through a cell housed at the One Stop Centre in Gangtok.
[49] ICC is a mandatory committee under the Protection of Women from Sexual Harassment (POSH) Act, 2013, for organizations that have 10 or more employees.

abled, etc. It also promotes enrolment of incubators and mentors catering to these groups in the national entrepreneurial ecosystem.

- The Skilled Youth Startup Scheme (SYSS) being implemented by the Commerce and Industries department includes special incentives for Persons with Disabilities (PwD).
- The rural development works being undertaken under MGNREGA by the Rural Development Department includes 52% female workers.

5. Legal and Policy Framework for the Program

5.1 Environment

Legal and Regulatory Framework applicable to the Program
This chapter provides details on the key environmental policies, laws, regulations and guidelines that are of relevance to the activities under the PforR. It also provides an assessment of the adequacy of the coverage on environmental and social aspects in the legislative and regulatory framework.

5.1.1 National Framework
This section provides details on the national level policies, laws, regulations as well as guidelines that are relevant to the environmental aspects related to the activities supported under INPIRES.

Environmental Policies, Laws and Regulations	Relevant Program Activity	Assessment of adequacy and relevance
National policy on Safety, Health and Environment at Workplace	Relevant to the overall program	This is an overarching policy that is focused on building and maintaining a national preventative safety and health culture and improving the safety, health and environment at workplace. The policy expresses a set of the national objectives and outlines specific working areas (including enforcement, national standards, compliance, awareness, research and development, occupational safety and health skills development and data collection) for action planning. This policy is relevant in two ways to the program. One is its enforcement to ensure health and safety of workplaces and training centers and may include training programs to increase the number and competence of personnel engaged in the field of occupational safety, health and environment at workplace. The other is by integrating health and safety into vocational training programs by adopting occupational safety and health training curricula in workplace and industry programs.
National Policy on Skill Development and Entrepreneurship 2015	Relevant to the overall program	While this policy focuses on skill development with speed, standard and sustainability, it includes specific references to environmental aspects. It specifies that mentorship support will be provided to eligible non-government organizations (NGOs) to scale and create sustainable models

Environmental Policies, Laws and Regulations	Relevant Program Activity	Assessment of adequacy and relevance
		for skill development for Green Jobs (agriculture, horticulture, renewable energy, recycling, eco-tourism, etc.)
The Environment (Protection) Act, 1986 (amended in 1991)	Civil works for upgradation and operation & maintenance of feeder roads and last-mile connectivity roads; civil works for IT connectivity/optic fiber connectivity (OFC) in one district; iii) upgradation/refurbishments of SICB and select livelihood schools; iv) upgradation of CFCs and common facilities for entrepreneurs.	This umbrella law enables the government to take measures it deems necessary to protect and improve the environment, and to prevent, control and abate environmental pollution. The regulations under the Act that are of relevance to the Program are: **Environmental Impact Assessment Notification, 2006 and Amendment, 2014**: provides that an environmental impact assessment must be carried out when seeking an environmental clearance (EC) for new projects or expansion or modernisation of existing projects based on potential impacts on human health and natural and man-made resources. The notification lists various activities that require an EC from the central or state authorities, depending on factors such as size, location and production capacity. Based on the EIA, the State Level Expert Appraisal Committee (SEAC) will complete its assessment and make a recommendation to the regulatory authority who will then notify its decision to the applicant within a stipulated period of time. Building and Construction projects that are >20,000 sq.m. and <150,000 sq.m. of built-up area, new or expansion of highways etc require prior environmental clearance from the State Environment Impact Assessment Authority (SEIAA) before any construction work, or preparation of land except for securing the land is started. However, the program will not support the construction of new infrastructure/major civil works other than minor renovations of existing centers, upgradation of existing feeder roads and expansion of overhead fiber optic cable network. Public consultation on development projects take place mainly through the EIA process. All Category A and Category B1 projects activities have to undertake public consultation except for 6 stipulated activities for which public consultation has been exempted. Public consultation essentially consists of two components (i) a public hearing to ascertain the views of local people and (ii) written responses of interested parties to obtain their respective views. As per the notification, the executive summary of the EIA

Environmental Policies, Laws and Regulations	Relevant Program Activity	Assessment of adequacy and relevance
		is placed in the website of the Ministry of Forest and Environment, and the State Pollution Control Board will publish notice for the public hearing in at least two newspapers widely circulated in the region around the project, one of which shall be in the vernacular language of the locality concerned.
Construction and Demolition Waste Management Rules, 2016	Civil works as mentioned above.	The construction and demolition waste management rules stipulate that the generator of construction and demolition waste is responsible for collection, segregation, storage of construction and demolition waste generated as directed or notified by the local authority. The generator will need to ensure that there is no littering or deposition of construction and demolition waste so as to prevent obstruction to the traffic or public or drains; and that the waste is stored and disposed separately at designated disposal sites.
Forest (Conservation) Act, 1980	Overall program	The Forest (Conservation) Act 1980 (Forest Act) provides the framework for the conservation of forests in India and the requirement to obtain prior clearance for diversion of forest land for non-forest purposes. All projects must take into account the provisions of the Forest Act whether their activity in a particular location can have a impact on the forest lands. While this Act is NOT directly relevant as no construction or development activity under the program is not envisaged to take place in designated 'forest land' and/or is in 'protected areas', it has important implications on overall tourism investments.
Wildlife Protection Act 1972	Overall program	The Wildlife (Protection) Act, 1972 (Wildlife Act) lays down the regulatory framework for the protection of wildlife and its habitats in India. The Wildlife Act provides for different types of protected areas in India – national parks, wildlife sanctuaries, community reserves and conservation reserves, where hunting, extracting and or trading in any wildlife is strictly prohibited. Commercial activities within a national park or wildlife sanctuary, or in Eco-Sensitive Zones around them, require prior approval from the National Board for Wildlife headed by the Prime Minister of India. All projects must take into account the provisions of the Forest Act whether their activity in a particular location can have a impact on the forest lands.

Environmental Policies, Laws and Regulations	Relevant Program Activity	Assessment of adequacy and relevance
		While this Act is NOT directly relevant as no construction or development activity under the program is not envisaged to take place in areas designated as 'forest land' and/or is in 'protected areas', it has important implications on overall tourism investments.
Biodiversity Act 2006	Overall program	The Biological Diversity Act, 2002 (Biodiversity Act) provides for the conservation and sustainable use of biological resources and the fair and equitable sharing of the benefits arising out of their use.
The Ancient Monuments and Archaeological Sites and Remains (Amendment and Validation) Act, 2010	Civil works sites as mentioned above.	Construction is prohibited in a radius of 100 meters from a protected monument and is regulated in a radius of >100-300 meters from a protected monument. Permission of the National Monuments Authority needs to be taken in case of repair/renovation in the prohibited area, or construction/reconstruction/repair/renovation in the regulated area.
Water (Prevention & Control of Pollution) Act, 1974	Civil works as mentioned above and support to emerging priority non-farm markets	The Water (Prevention and Control of Pollution) Act, 1974 (Water Act) lays down the framework for the prevention and control of water pollution. It mandates industrial activity that are likely to discharge effluents to obtain a prior consent from their respective State Pollution Control Board (SPCB) or Central Pollution Control Board (CPCB) to establish and operate the facility. The CPCB has released a list categorising various industries into red, orange, green and white based on their pollution potential. While the red category industries are highly polluting industries and require consent from the SPCB or CPCB, white category industries do not require prior consent but only need to inform the relevant SPCB. These environmental consents prescribe conditions and standards for undertaking industrial activities, based on factors such as the nature of raw materials, products being manufactured, production quantity, emissions, effluents, hazardous and other wastes generated, wastewater utilisation, water consumption and effluent treatment. If there is a non-compliance issue, SPCBs can revoke the CTO and reissue it only after the non-compliance has been rectified. The PforR will support integrated service provision to revive the rural economy of Sikkim through mainly training, capacity building and improving

Environmental Policies, Laws and Regulations	Relevant Program Activity	Assessment of adequacy and relevance
		the enabling environment for employment opportunities. The program will **NOT** support SME type of industrial operations that will result in the need to obtain a CTO from the SPCB. In the case of any training centers located within industrial premises, it has to be made sure that industry partner has a valid consent for establishment and operation from the SPCB but this unlikely to be a scenario for INSPIRES.
Air (Prevention & Control of Pollution) Act, 1981	Civil works as mentioned above.	The Air (Prevention and Control of Pollution) Act, 1981 (Air Act) lays down the framework for the prevention, control and abatement of air pollution. The Air Act is similar to the Water Act in terms of consent application management, air pollution standards set by the CPCB, and the type of infringements and penalties. It mandates that any industry likely to emit air pollutants must obtain a prior consent to establish and thereafter the consent to operate from the SPCB or CPCB in the concerned state or union territory where the industry is proposed to be located. The central government has introduced the National Ambient Air Quality Standards under the Air Act and standards under the EPA to provide parameters and standards for key air pollutants. The PforR will support integrated service provision to revive the rural economy of Sikkim through mainly training, capacity building and improving the enabling environment for employment opportunities. The program is expected to support only minor civil works and will **NOT** result in air pollution that requires a CTO from the SPCB. In the case of any training facility located within industrial premises, it has to be made sure that industry partner has a valid consent for establishment and operation from the SPCB but this unlikely to be a scenario for INSPIRES.
The Noise Pollution (Regulation and Control) Rules, 2000	Civil works as mentioned above	The Noise Pollution (Regulation and Control) Rules, 2000 regulate the level of noise in any area. They provide different standards for industrial, commercial, residential and silence zones for day and night. State and local government authorities including the SPCB, UTPCC, District Magistrate, Police Commissioner, or any other officer not below the rank of the Deputy Superintendent of Police designated for this purpose are responsible to enforce the prescribed standards. The rules allow any person to file a

Environmental Policies, Laws and Regulations	Relevant Program Activity	Assessment of adequacy and relevance
		complaint with the concerned government authorities if the noise level from any activity exceeds the prescribed standards. Noise regulations will apply to the civil works supported by the project. However, noise is not expected to be a major cause of concern given the nature and scale of civil works that will be supported.
National Guidelines that are relevant		
Model Building By-laws 201628, Town and Country Planning Organization, Ministry of Urban Development	Renovation/upgradation SICB, livelihood schools and CFCs.	The model by-laws include green building and sustainability provisions, rainwater harvesting, fire protection and fire safety requirements, conservation of heritage sites, climate resilient construction, mitigating effects of electro-magnetic radiation, etc. These guidelines will be applicable where necessary into the renovation activities.
National Building Code, 2005	Renovation/upgradation SICB, livelihood schools and CFCs.	The provisions of this code are intended to serve as a model for adoption by Public Works Departments and other government construction departments, local bodies, and construction agencies. The code covers environmental aspects such as liquid and solid waste management, fire and life safety, constructional practices and safety, landscaping and water conservation, etc. PWDs works manual and contract cover these aspects.
The E-Waste (Management) Rules 2016	Overall program, with reference to IT systems that will be supported by the program for increased connectivity and information management	The E-Waste (Management) Rules, 2016 mandate the environmentally safe management of waste from specified electronic and electrical equipment. Persons producing or marketing such equipment are required to obtain the requisite authorisation from the CPCB and ensure their safe 'end-of-life' disposal as per the Extended Producer Responsibility (EPR) norms. The e-waste management rules will be relevant to the program as it will support the procurement of IT and electronic equipment that will need to be safely disposed safely at the end of their life. The Government of Sikkim has issued a circular for e-waste collection at respective office complexes and has set up an e-waste collection mechanism.
The Batteries (Management and Handling) Rules, 2020.	Overall program, with reference to IT systems that may also require batteries	With enhanced digitization under the program, numbers of electronic devices with batteries will increase substantially and their final disposal needs to be properly managed as per the rules

Environmental Policies, Laws and Regulations	Relevant Program Activity	Assessment of adequacy and relevance
Amended to recommend inclusion of Lithium Ion, Nickle Cadmium batteries[1]		
Plastic Waste Management Rules 2016.	Overall program	The Plastic Waste Management Rules 2016 mandates the ban of certain plastic products in order to phase out multi-layered plastics and introduces a system of extended producer responsibility in the context of plastic waste management. It covers, for the first-time responsibility of "waste generators", which includes every person generating waste and expands the jurisdiction of applicability from municipal to rural areas. The rules also prescribe a central registration system for the registration of the producer/importer/brand owner. The plastic waste management rules will be relevant and applicable for the program as procurement of goods for various purposes will involve plastic products that need to be disposed in accordance with the regulations. Further, events organized by relevant departments such as job fairs etc will require event organizers to be responsible for plastic wastes left for proper disposal.
The Solid Waste Management Rules, 2016	Training programs supported by the program	The Solid Waste Management Rules, 2016 essentially require persons generating solid municipal waste to ensure the segregation, collection and disposal of such waste through specified channels
National Occupational Standards	Skilling and training programs	The National Occupational Standards (NOS) specify the standard of performance an individual must achieve when carrying out a function in the workplace, together with the knowledge and understanding they need to meet a standard consistently. Each NOS defines one key function in a job role and contributes to the Qualification Pack (QP) for a particular job role. A QP is available for every job role in each industry sector and it covers NOSs on OHS aspects. These drive both the creation of curriculum and assessments.

5.1.2 State Policy & Regulatory Framework

The table provides a snapshot of the key state level policies, laws and regulations that are relevant to INSPIRES – especially from an environmental perspective.

State Guidelines and Policies	Relevant Program Activity	Assessment of adequacy and relevance
Sikkim state biological diversity rules 2006	Overall Program, Eco-tourism development in particular	These Rules prescribe functions necessary to carry out provisions of the Biological Diversity Act 2006 in Sikkim. It provides for general functions of the Sikkim State Biodiversity Board, including: advise the State Government on matters relating to the conservation of biodiversity, sustainable use of its components and equitable sharing of the benefits arising from the use of biological resources; provide livelihood support to those villagers who have shifted from unsustainable livelihoods to sustainable livelihoods; facilitate updating and implementation of State Biodiversity Strategy and Action Plan; and plan and organize training of personnel engaged or likely to be engaged in programs for the conservation of biological biodiversity. The Rules further provide for: procedures and the application form for obtaining permission to access or collect biological resources; restrictions on or prohibition of activities related to access to biological resources prescribed by the Board; operation of the State Biodiversity Fund; establishment and management of biodiversity heritage sites; constitution of Biodiversity Management Committees; etc.
Sikkim building construction regulations 2022	Renovation/upgradation SICB, livelihood schools and CFCs.	Building Construction Regulations (amendment) 2022 amends the regulations of 1991 and introduced bans and restrictions on construction activity in sinking/landslide prone areas. Further, the regulations stipulate that every person who intends to construct buildings including an alteration of addition or major repairs to an existing building, need to get approval from the Secretary of Urban Development & Housing Department. Further, every person who has obtained the necessary approvals for construction, alteration and major repair need to inform the Urban Development and Housing Dept prior to commencing construction activity. No permission approval is required for carrying out minor repairs (minor repairs are defined in the regulations)
State of Sikkim Ecotourism Policy	Ecotourism development under the program	The eco-tourism policy sets out a comprehensive framework for the smooth conduct of tourism as a major service sector industry in Sikkim. It is a roadmap and

State Guidelines and Policies	Relevant Program Activity	Assessment of adequacy and relevance
		operating guidelines to undertake ecotourism trade in Sikkim. The policy is primarily aimed at promoting eco-tourism in a sustainable manner with emphasis on conserving the existing biodiversity, ecosystems, monuments and culture and generating incentives for local communities for nature conservation through alternative incomes sources. The policy empowers the local communities to manage ecotourism with emphasis on economically disadvantaged people and emphasizes on enhancing co-operation between local community, NGOs, Govt organizations, tour operators and tour agents. The document provides broad ecotourism policy guidelines to all the stakeholders encouraging their responsible behavior and their collaboration for nature conservation efforts. The eco-tourism policy will be very relevant for the PforR as it intends to support eco-tourism planning including promotion of farm-stays through IEIPs.
State Tourism Poly, 2010	Ecotourism development under the program	The State Tourism Policy is well aligned and completements the eco-tourism policy. This policy is based on 4 guiding principles (a) environmental sustainability (b) cultural integrity (c) equity and inclusiveness and (d) quality experience for all visitors ensuring their safety and satisfaction. The policy envisages to promote low impact tourism in the state as a major economic sector and ensure tourism benefits are broad based to support local social and economic development. The state tourism policy recognizes the ecological fragile ecosystems in Sikkim and the impact of large influx of tourism on them. Therefore, environmental and sustainability cultural sensitivity are two key elements of the policy.
Home Stay Establishment Rules 2013	Ecotourism development under the program	The Homestay establishment rules set eligibility criteria for homestay establishments, set out code of conduct and responsibility of the house owner, specify homestay monitoring and evaluation requirements and prescribe penalties for non-compliance. It also specifies a fee structure based on the classification of the homestay and sets basic quality of service standards to be provided by homestays.
Sikkim state Climate Change action plan	Overall program	The State Action Plan on Climate Change for Sikkim seeks to devise strategies to address the concerns of the state pertaining to water, agriculture, forests, energy, urban and rural habitats, and communities. The Action Plan envisages to strengthen the policies and programs of the Sikkim government that have been undertaken in the past two decades to protect ecology and environment for sustainable and inclusive development of the state.

State Guidelines and Policies	Relevant Program Activity	Assessment of adequacy and relevance
		One of the key priorities for rural habitats is to ensure 100% energy access which is not only environmentally friendly but also sustainable. Heating being the most crucial element, large scale penetration of solar water heating systems and solar passive architecture is recommended to ensure warmth in winter months. The other priority for the rural sector identified in the plan is communication. Given the high altitude, terrain, geographic location and topography of the state, satellite enabled internet facility is being promoted so as not to destroy the fragile eco-systems of the region with laying of electricity cables.

5.2 Social

This section discusses both national and state laws and policies covering relevant aspects such as social inclusion, citizen engagement, gender, welfare of workers and land management applicable to the different sectors covered under the Program. These have been explained below:

5.2.1 National Framework

This section discusses the national-level policies and regulations that would be applicable to this project.

Social Policies, Laws and Regulations	Relevant Program Activity	Assessment of adequacy and relevance
Land Management		
Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (RFCTLARR) Act, 2013	Civil works including for upgradation/maintenance of feeder roads, last-mile connectivity and optical fibre connectivity	The Act has provisions to ensure, a humane, participative, informed and transparent process for land acquisition with least disturbance to the owners of the land and other affected families and provide just and fair compensation to the affected families whose land has been acquired or proposed to be acquired or those that are affected by such acquisition and make adequate provisions for their rehabilitation and resettlement and for ensuring that the cumulative outcome of compulsory acquisition should be that affected persons become partners in development leading to an improvement in their post-acquisition social and economic status. While land taking and resettlement will not be required for the proposed activities under the Program, the Act ensures adequate legal framework.
Labor Welfare and Working Conditions		
Minimum Wages Act, 1948	Civil works being planned under the Program	This Act ensures minimum wages that must be paid to skilled and unskilled labors. The employer shall pay to every employee engaged in scheduled employment under him, wages at the rate not less than the minimum wages fixed by such notification for that class of employee without any deductions except authorized. This Act will be relevant for the skilled and unskilled laborers who will be contracted for the civil works to be undertaken as a part of the proposed program activities.

Social Policies, Laws and Regulations	Relevant Program Activity	Assessment of adequacy and relevance
		The Department of Labor, GoS, determines the minimum wages for skilled, unskilled and highly skilled categories of scheduled employment.
Child Labour (Prohibition and Regulation) Act 1986 and Rules 1988	Overall Program	This Act prohibits the engagement of children below 14 and 15 years in certain types of occupations and regulates the condition of work of children in other occupations. No child shall be employed or permitted to work in any of the occupations set forth in Part A of the schedule, processes set forth in Part B of the schedule which includes building and construction industry. This Act will be relevant in ensuring that the requirements of Core Principle 3 for prohibition of child labor and forced labor are met for activities involving civil works as well as for the enterprises which will be supported under the Program.
The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act and the Cess Act	Upgradation work planned at SICB, Livelihood Schools, CFCs and common facilities for entrepreneurs.	All the establishments who carry on any building or other construction work and employs 10 or more workers are covered under this Act; the employer of the establishment is required to provide safety measures at the building or construction work and other welfare measures, such as canteens, first-aid facilities, ambulance, housing accommodation for workers near the workplace, etc. This will be applicable for ensuring OHS requirements for workers' safety under Core Principle 3 for the civil works undertaken.
Inter-State Migrant Workmen's (Regulation of Employment and Conditions of Service) Act	Upgradation/maintenance of feeder roads, last-mile connectivity and optical fibre connectivity	The inter-state migrant workers, in an establishment to which this Act becomes applicable, must be provided certain facilities such as housing, medical aid, travelling expenses from home to the establishment and back, etc. This will be applicable for migrant construction workers expected to be contracted for upgradation/maintenance works for civil works for OFC being planned under the Program.
Equal Remuneration Act	Overall Program	The Act provides for payment of equal wages for work of equal nature to Male and Female workers and not for making discrimination against Female employees. This Act will be relevant in ensuring equal pay for female construction workers as well as for the female workers at enterprises which will be supported under the Program.

Social Policies, Laws and Regulations	Relevant Program Activity	Assessment of adequacy and relevance
Employees' Compensation Act	Overall Program	The Act provides for compensation in case of injury by accident arising out of and during the course of employment. This Act will be relevant in ensuring adequate compensation in case of accident/injury to construction workers and for workers at enterprises supported under the Program.
Indigenous and Vulnerable Groups		
Constitution of India, Article 371(F); Panchayat Act 1982	Overall Program	The Constitution and the Panchayat Act recognize the traditional system of governance in the two villages, Lachen and Lachung, of Sikkim. This ensures that as per requirements of Core Principle 5, the rights and interests of these groups are recognized and protection of their traditional ways of governance is enshrined in the Constitution.
National Policy on Tribal Development, 1999	Overall Program	The policy seeks to bring scheduled tribes into the mainstream of society through a multi-pronged approach for their all-round development without disturbing their distinct culture development. It lists out measures to be taken in respect of formal education, traditional wisdom, displacement and resettlement, forest villages, shifting cultivation, land alienation, intellectual property rights, tribal languages, primitive tribal groups, scheduled tribes and schedule areas, administration, research, participatory approach, and assimilation.
The Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Act, 1989 and Rules, 1995	Overall Program	This Act safeguards Scheduled Castes (SC) and Scheduled Tribes (ST) against acts of indignity, humiliation, and harassment against members of Scheduled Castes and Scheduled Tribes. This would be relevant for the SC and ST community members who would be a part of the Program activities.
The Rights of Persons with Disabilities (PwD) Act, 2016	Overall Program	The Act requires all establishments to frame and publish an Equal Opportunities Policy. Further, every Government establishment shall reserve, not less than four % of the total number of vacancies in the cadre strengthening each group of posts for persons with benchmark disabilities. This would be relevant for the PwDs who would be a part of the Program activities.
Sexual Harassment of Women at Workplace Prevention, Prohibition, and Redressal Act 2013	Overall Program	The Act provides protection against sexual harassment of women at workplace and for the prevention and redressal of complaints of sexual harassment and for matters connected therewith or incidental thereto. This is applicable to the priority departments, implementing agencies, contracted services which would be a part of

Social Policies, Laws and Regulations	Relevant Program Activity	Assessment of adequacy and relevance
		the Program. It would also be applicable to enterprises supported by the Program, provided they meet the minimum staff requirement.
Transparency and Accountability		
Right to Information Act, 2005	Overall Program	Provides a practical regime of right to information for citizens to secure access to information under the control of Public Authorities. The Act sets out (a) obligations of public authorities with respect to provision of information; (b) requires designating of a Public Information Officer; (c) process for any citizen to obtain information/disposal of request, etc. (d) provides for institutions such as Central Information Commission/State Information Commission

5.2.2 State Framework

Social Policies, Laws and Regulations	Relevant Program Activity	Assessment of adequacy and relevance
Sikkim Labour (Regulation of Employment and Conditions of Service) Rules, 2021	Overall Program	The rules make it mandatory for employers/service providers to ensure registration of their workforce, including local and migrant construction workers; some categories of workers in hospitality and tourism industries; and workers in small scale industries. The rules also outline the duties of employers to comply with the provisions of various labor laws and to constitute a grievance redressal committee.
The Constitution (Sikkim) Scheduled Castes Order, 1978	Overall Program	This order specifies the castes, races or tribes, or parts of, or groups within, castes, races, or tribes to be deemed Scheduled Castes in Sikkim (provided the person is a resident in the state), thereby ensuring their rights and access to specific provisions and schemes meant for SCs.
Constitution (Sikkim) Scheduled Tribes Order, 1978	Overall Program	This order specifies the tribes or tribal communities, or parts of, or groups within, tribes or tribal communities, to be deemed Scheduled Tribes (provided the person is a resident in the state), thereby ensuring their rights and access to specific provisions and schemes meant for STs.

Social Policies, Laws and Regulations	Relevant Program Activity	Assessment of adequacy and relevance
Sikkim Gram Panchayat Act 1993; Gazette Extraordinary No 409	Overall Program	This gazette legally recognizes the existing system of traditional institutions of *Dzumsas* practised in the two villages of Lachen and Lachung in Mangan district, thereby allowing them to continue to operate in accordance with their traditional and customary laws in alignment with the core principle 5. The head of the *Dzumsa,* known as *Pippon¸* is the representative selected by the public. The *Dzumsas* are deemed to be Gram Panchayat Units (GPU) and exercise their traditional powers besides the functions of Gram Panchayats. For planned project activities in Lachen and Lachung, it would be important to ensure adequate consultations with the *Dzumsa* representatives to inform the IEIPs.
Sikkim Lokayukta Act, 2014	Overall Program	This act empowers citizens to inquire into allegations of corruption against certain public servants. This implies that project beneficiaries and other stakeholders could access this recourse in case of any suspicions of wrongdoings by public servants during implementation.

6. Assessment of Borrower's Environmental and Social Management Systems

This Chapter provides an analysis of the alignment of the government program's system with core principles of the Bank's Program for Results and includes an assessment of the adequacy and applicability of the existing legislative framework in its coverage of the environmental and social aspects pertaining to program activities.

This section presents an assessment of the Borrower systems against the Core Principles.

CORE PRINCIPLE #1

Bank Policy: *Program E&S management systems are designed to (a) promote E&S sustainability in the Program design; (b) avoid, minimize, or mitigate adverse impacts; and (c) promote informed decision-making relating to a Program's E&S effects.*

Bank Directive: *Operate within an adequate legal and regulatory framework to guide environmental and social impact assessments at the program level. Incorporate recognized elements of environmental and social assessment good practice, including: (i) early screening of potential effects; (ii) consideration of strategic, technical, and site alternatives (including the "no action" alternative); (iii) explicit assessment of potential induced, cumulative, and trans-boundary impacts; (iv) identification of measures to mitigate adverse environmental or social impacts that cannot be otherwise avoided or minimized; (v) clear articulation of institutional responsibilities and resources to support implementation of plans; and (vi) Responsiveness and accountability through stakeholder consultation, timely dissemination of program information, and responsive grievance redress measures.*

A. Applicability

Core Principle 1 is considered applicable to INSPIRES as several aspects of the Program are relevant to promotion of environmental and social sustainability – (i) The Program will finance civil works to upgrade/refurbish SICB, select livelihood schools, CFCs and common facilities for entrepreneurs; upgrade/maintain feeder roads and last mile-connectivity rural roads; and OFC related works, and therefore, environmental and social management for avoidance/mitigation of adverse impacts and promotion of participatory decision-making is important. These investments are likely to have small to medium physical footprint with impacts that are expected to be localized, manageable and temporary while requiring site-level mitigation. (ii) The Program will procure considerable amount of IT equipment which needs to be safely disposed if they develop faults or at the end of their lifetime to prevent environmental contamination and public's exposure to hazardous waste. (iii) The program will promote eco-tourism as a main economic sector to uplift lives of rural people. Ecotourism expansion needs to be well regulated and built in with environmental sustainability and cultural integrity, in order to avoid undesirable consequences taking place from increased tourist influx, especially in terms of solid and plastic waste. (iv) The Program will need to ensure engagement of relevant stakeholders during planning, implementation and monitoring of the activities.

B. Systems Assessment

Borrower systems have a comprehensive policy, legal and institutional framework that contribute to environmental sustainability. There are laws and regulations concerning management of environmental and social impacts related to (i) construction within and in proximity of areas such as forests, wildlife

habitats and other ecologically sensitive areas, (ii) construction in proximity of cultural heritage sites such as protected monuments, (iii) use of biological resources and the fair and equitable sharing of the benefits arising out of their use and (iv) land and labor related aspects. The EIA notification 2006 mandates a system of environmental clearance for a list of development projects depending on factors such as size, location, and capacity. For building construction, only those that have 20,000 sq.m. and <150,000 sq.m of built-up area require prior environmental clearance from the State Environment Impact Assessment Authority (SEIAA) before any construction work. Since the program will not support any new construction and the proposed civil works only involve upgradation/O&M/refurbishment related works, the EIA regulation will not apply. It is envisaged that all types of civil works supported by the program will be below the radar of the EIA regulation and hence will not undergo a formal environmental clearance process.

Public Works Department, which will be contracted to carry out the upgradation/refurbishment of SICB, livelihood schools, CFCs and common facilities for entrepreneurs will cover basic environmental management of the site as well as occupational safety as per the works manual and general conditions of their work contracts. -However, there are instances of inconsistent application of these provisions resulting from lack of awareness, variations in capacities of sub-district officials, monitoring, etc. resulting in site-level issues.

The E-Waste (Management) Rules 2016, The Batteries (Management and Handling) Rules, 2020. *Amended to recommend inclusion of Lithium Ion, Nickle Cadmium batteries,* plastic waste management rules 2016 and solid waste management rules 2016 comprehensively cover waste management issues arising from the implementation of the program. For E-waste, the Government of Sikkim has set up a collection mechanism, where all government departments are required to make lists of defective IT equipment to be submitted to the IT department. On inspection of the defective items, the IT Department officers will determine what goes in for repairs and what will be disposed. Devices that are considered for disposal will be shipped to a central warehouse and stored till a sufficient quantum of e-waste is collected and the government empaneled recycler based in Kolkata is contacted to take away the e-waste and recycle/dispose as per the applicable norms.

Although Sikkim was one of the first states to ban the use of plastic carry bags, the order has over the years been diluted due to lack of enforcement and replacement with other types of non-degradable bags the Government has not yet banned. Currently, open burning and open dumping of non-biodegradable waste seems the most practiced disposal method which contributes to significant contamination of air, soil and water. Outside the city, there is no collection system or designated landfills. Other progressive measures such as the ban on PET bottled drinking water other single use plastic products have been wanting strict implementation. In remote Lachen and Lachung, the local self-government namely the *Dzumsa* has taken the commendable decision to ban the use of PET bottled water with strict fines and this has been very effective in keeping the area and the pristine lakes free from plastic bottle pollution[50]. With the expected growth of tourist footfall, the issue of burgeoning waste is a significant concern.

The PMU housed under the PDD has a designated social specialist with academic qualifications and work experience in social development.

C. Gaps

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[50] Five-year Marketing Strategy for Eleven Eco-tourism Zones; Research Project by ECOSS and Topview Infolabs Pvt Ltd

Given the scale of construction activity, none of the investments involving civil works will require EIA clearance from the State Environmental Impact Assessment Authority or the State Pollution Control Board, as the scale of these investments are below the recommended thresholds of the EIA and pollution control regulations. Further, with the exception of Forest and Environment Department, the priority departments implementing the project have limited in-house E&S expertise to carry out E&S risk assessment and management. The only exception is the Department of Forest and Environment which has the required in-house staff and resources. For gaps relating to eco-tourism development, please refer to section under Core Principle #2

Recommendations: Therefore, the program will be required to undertake environmental and social screening and management, proportionate to the anticipated level of risk for each investment type, via a program specific set of guidelines as a key program action. This will include an E&S Checklist, Environment and Social Codes of Practice and Monitoring formats, which will be integrated into the Program Operations Manual to ensure management of environmental and social impacts in project financed civil works. The checklists will include screening for land, OHS compliance for workers and public, SEA/SH risks etc. Nodal departments will monitor the compliance to these by all implementing agencies/ contracted services/ other entities under them. in case of voluntary donation of land, the Zilla Panchayat representative shall ascertain voluntariness and also that it does not lead to significant adverse impacts on the livelihood of the household. Also, training & capacity building on environmental and social risk assessment and management for designated nodal officers in each implementing department under INSPIRES will be needed to build in the required expertise to ensure sustainability of Program investments.

CORE PRINCIPLE #2

Bank Policy: *Program E&S management systems are designed to avoid, minimize, or mitigate adverse impacts on natural habitats and physical cultural resources resulting from the Program. Program activities that involve the significant conversion or degradation of critical natural habitats or critical physical cultural heritage are not eligible for PforR financing.*

Bank Directive: *Includes appropriate measures for early identification and screening of potentially important biodiversity and cultural resource areas. Supports and promotes the conservation, maintenance, and rehabilitation of natural habitats; avoids the significant conversion or degradation of critical natural habitats, and if avoiding the significant conversion of natural habitats is not technically feasible, includes measures to mitigate or offset impacts or program activities. Takes into account potential adverse effects on physical cultural property and as warranted, provides adequate measures to avoid, minimize, or mitigate such effects*

A. Applicability

The provisions in Core Principle 2 are considered as part of the environmental and social management process referenced under Core Principle 1. Activities funded through the Program will not generate adverse impact on natural habitats and physical and cultural resources. The civil works supported by INSPRES are small to medium scale and will be confined to existing footprints of SICB, livelihood schools, existing feeder roads/ last-mile connectivity rural roads and along highways in one district. The program will ensure that all activities with potential to cause environmental impacts will follow due diligence procedures either via adopting ECoPS which will include provision for chance find procedures pertaining to fauna and flora and physical cultural resources.

Core principle #2 is also highly applicable to INSPIRES in terms of its focus on developing the potential of eco-tourism to provide continuous round the year sustainable incomes to rural communities. The program will support eco-tourism planning, skill training and entrepreneurship support to increase homestays and farm-stays. Tourism is a significant user of natural resources and with Sikkim being part of the eastern Himalaya biodiversity hotspot (which harbors sensitive natural habitats and endemic fauna and flora), it is important that the Program supports expansion of eco-tourism with due regard to conservation and sustainable use of natural, social and cultural resources. Therefore, eco-tourism should be planned and managed within environmental limits along with due regard for the long-term appropriate use of natural and cultural resources.

B. Systems Assessment

Sikkim has a comprehensive policy on eco-tourism (2011) that speaks of the State's vision for it as a significant service sector industry and sets out operating guidelines and strategies for development of tourism around protected areas and forest areas of the State. The policy highlights the need for zoning and assessing carrying capacities in fragile areas and provides due recognition to empowering local communities for conservation. The tourism policy of Sikkim (2018), which aims to consolidate all tourism related missions and plans, complements the eco-tourism policy and provides further guidance on planning tourism related activities within a regulated framework keeping in mind the principles of conservation and sustainability as well as cultural integrity. Home stay establishment rules gazetted in 2013 by the Department of Tourism and Civil Aviation sets out a regulatory basis for registration, regulation and monitoring of all homestay establishments. These policies are supported by several laws and regulations that are aimed at conserving and protecting sensitive ecosystems. Sikkim has state Biological Diversity Rules (2006) which prescribed functions necessary to enforce the Biological Diversity Act 2006, which protects biodiversity and stipulates terms for sustainable use, benefit sharing and access to biological resources for livelihood support etc. The state also has led the way in community-based tourism initiatives and has models that showcase good practices of revenue generation while conserving the natural asset base. The Pokhri Sanrakshan Samit model formed under the Lake Conservation Guidelines of the Sikkim Government that puts community at the forefront for management of wetlands that are prime tourism destinations in the state is one example and has been very successful[51].

Several government departments are engaged in tourism development and facilitation in Sikkim. While the key mandate to promote and regulate tourism in Sikkim lies with the Department of Tourism & Civil Aviation, the Department of Forest & Environment leads eco-tourism planning within protected areas and forests. The Department of Rural Development has also been playing a role in promoting community-based homestays etc. for economic development. While currently there is limited co-ordination between these Departments, the need for a collaborative approach which would address tourism in a holistic manner through an integrated approach should be promoted under the Program. The Sikkim Biodiversity Board that operates under the Department of Forest and Environment, also plays a key role in conserving the State's biodiversity and regulates the commercial use of it to ensure local communities get equitable access to benefits. Under the Board, Biodiversity Management Committees are required to be set up at the village/town level to help with its activities, providing the local community an opportunity for strong participation in local biodiversity related decision making. However, in many places these committees are non-functional.

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[51] State Tourism Policy 2018, Government of Sikkim

The responses to the ESSA questionnaire for the departments has indicated that both the Department of Tourism and Civil Aviation and the Department of Rural Development have limited in-house capacity for environmental planning.

C. Gaps

Despite an adequate policy, regulatory and legal framework, sustainability in the tourism sector is always a challenge. While the eco-tourism policy has a comprehensive approach to eco-tourism development, many of its key recommendations are yet to be implemented such as the establishment of the Eco-Tourism Council, strategies for planning and zoning ecotourism sites, impact monitoring and evaluation, setting carrying capacity limits etc. While the issue of waste management in the tourism sector has been highlighted as a key impact of tourism, there is no systematic data and evidence collected on tourism related trends that can be used in planning to strategically grow the industry.

With the government planning to promote eco-tourism as a key economic sector in Sikkim, part of which will be supported by INSPIRES, it will be necessary to first undertake a comprehensive study to (i) evaluate environmental and socio-cultural impacts of eco-tourism practices thus far in the main eco-tourism zones (ii) assess the implementation effectiveness of the eco-tourism policy of 2011, the state tourism policy of 2010 and related regulations that provide the basis for policy enforcement (iii) identify legal, regulatory and institutional gaps and 'rules' for all eco-tourism operators to implement the eco-tourism policy in full in view of plans to expand the sector (iv) assess capacity building needs of key sector stakeholders and (v) identify a monitoring system and recommend a way forward that will enable zoning and estimate natural and social carrying capacity in eco-tourism zones.

CORE PRINCIPLE #3

Bank Policy: *Program E&S management systems are designed to protect public and worker safety against the potential risks associated with (a) the construction and/or operation of facilities or other operational practices under the Program; (b) exposure to toxic chemicals, hazardous wastes, and otherwise dangerous materials under the Program; and (c) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards.*

Bank Directive: *(i) Promotes community, individual, and worker safety through the safe design, construction, operation, and maintenance of physical infrastructure, or in carrying out activities that may be dependent on such infrastructure with safety measures, inspections, or remedial works incorporated as needed. (ii) Promotes use of recognized good practice in the production, management, storage, transport, and disposal of hazardous materials generated through program construction or operations; and promotes use of integrated pest management practices to manage or reduce pests or disease vectors; and provides training for workers involved in the production, procurement, storage, transport, use, and disposal of hazardous chemicals in accordance with international guidelines and conventions (iii) Includes measures to avoid, minimize, or mitigate community, individual, and worker risks when program activities are located within areas prone to natural hazards such as floods, hurricanes, earthquakes, or other severe weather or climate events.*

A. Applicability

Core Principle 3 *is fully applicable* to the Program. The civil works include upgradation/refurbishment of SICB, livelihood schools, upgradation/maintenance of feeder roads/last-mile connectivity rural roads, expansion of the fiber optic network along highways in one district. This could expose the construction workers as well as the public to risks such as dust, air pollution, noise, solid waste etc. which will directly

or indirectly result in occupational safety impacts. Given that the works for fiber optic network will be carried out along the national highways in one district of the state, it would be critical to ensure adequate measures for public and workers' safety in these areas. Additionally, for migrant construction workers (likely to be 40-50 male workers), provision of basic facilities, including accommodation and medical, needs to be ensured. The planned civil works could also lead to potential SEA/SH risks for local female construction workers and female trainees in case of interface with laborers (both local and migrant). Further, disposal of end-of-life IT equipment procured by INSPIRES could potentially pose a risk of public exposure to hazardous waste if not safely disposed. Increasing employment opportunities in non-farm sectors via training and skill development would require adequate awareness of OHS issues to ensure occupational safety from potential hazards in respective sectors. The provisions in Core Principle # 3 are considered as part of the environmental management process outlined under Core Principle # 1.

B. Systems Assessment

There are government rules and guidelines for ensuring occupation health and worker/public safety. These laws, regulations and guidelines have been integrated into the Works Manual and the General Conditions of Contract of the CPWD and the state PWDs. The Works Manuals of the CPWD and the state PWDs specify procedures for periodic post-construction inspection of buildings for safety. While the state PWDs have adequate provisions for environmental management in construction activities, these are sometimes not adequately and consistently implemented. The national building codes covers environmental aspects such as liquid and solid waste management, fire and life safety, constructional practices and safety, landscaping and water conservation, etc. while the Sikkim Building Construction Regulations 2022 integrates construction safety from landslide risks. As described under Core Principle #1 above, the EIA notification 2006 mandates a system of environmental clearance for certain types of development projects which includes the approval of an EIA which would include identification and management of risks relating to OHS. However, given the nature and scale of civil works envisaged under INSPIRES, EIAs will not be warranted.

The legislative framework provides adequate provisions for ensuring prohibition of child labor and forced labor. Standard clauses on labor management are integrated in the contractors' contracts/ bid documents. As per current practice, the implementing departments are also required to obtain a clearance from the labor department before any payments are made to the contractor. However, there is currently limited provisioning for site-specific E&S management plans nor are OHS of workers and public safety monitored effectively at the sites.

The country has a very comprehensive policy and regulatory framework for a coordinated and structured approach to skill development among various Central Ministries/Departments, State Governments and industry partners, Integration of EHS into skill development curricula takes place through the Sector Skill Council (SSC)[52]. At present, there are 36 sector councils including sectors that INSPIRES aim to promote economic inclusion in such as green jobs, tourism etc. The SSCs have a robust process for the development of National Occupation Standards (NOS) and all of them have integrated EHS aspects into the relevant Qualification Packs (QPs)[53]. While a NOS on 'maintaining health, safety and security at workplace' is a universal feature of all QPs, some sector councils have developed more detailed, sector-specific and job-

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[52] The SSCs represent a partnership between the relevant industry association and the National Skill Development Corporation and play a major role in identifying skill development needs and developing National Occupation Standards/qualification packs for each sector job.

[53] The NOS specify the standard of performance an individual must achieve when carrying out a certain function. A Qualification Pack (QP) is a set of NOS aligned to a job role. A QP is available for every job role in each industry sector.

specific NOS on EHS aspects. The integration of EHS in the training curricula has also been confirmed by the Skills Development Department as part of the institutional assessment undertaken by this ESSA [54].

While Sikkim's ecotourism policy advocates tourism safety standards and emergency procedures, these are largely to be implemented. Homestays need better regulation to ensure and enforce standardization of facilities in terms of basic comfort and hygiene. As Sikkim moves into promotion of homestays more, some basic quality assurance in basic standards and cleanliness would be required.

Thus, the existing legislative framework is considered adequate in its coverage of OHS aspects pertaining to the program activities: proposed civil works, operation of training institutes and livelihood schools, development of NOSs/QPs and training curriculum and for eco-tourism development. However, there are instances of inconsistent application of these provisions resulting from lack of awareness, variations in capacities of sub-district officials, monitoring, etc. resulting in site-level issues. Interaction with a contractor and photographs from an ongoing site revealed that OHS measures such as barricading of roads for protecting workers from vehicular traffic were not being undertaken. The contractor further stated that although the workers were provided with reflective jackets, gum boots and gloves, the workers preferred to work without these.

C. Gaps

As stated under Core Principle #1, no civil work investments supported by INSPIRES will warrant a state level EIA which would typically undertake an assessment of OHS issues and recommend management measures. Therefore, the program will be required to undertake environmental and social screening and ensure the adoption of environmental and social codes of practice to manage identified risks, which will incorporate OHS mitigation measures as well mitigation for potential SEA/SH risks, as needed. While no major regulatory and institutional gaps are identified under Core Principle #3, the program would strengthen screening and monitoring capacity of relevant program implementing entities to ensure compliance and monitoring of existing OHS policies and guidelines. The screening checklists, to be included in the Program Operations Manual, could include aspects such as assessment of safety of female workers; provision of worker safety kits and mechanisms to record accidents/incidents at sites; monitoring by trainers to ensure minimum possible interface of construction workers and trainees; and provision of an accessible grievance mechanism for construction workers.

It is also important that the program ensures new training curricular developed adequately integrates EHS issues relevant to the sector/job roles and that existing curricular is strengthened with sector-specific and job-specific EHS aspects, where relevant.

CORE PRINCIPLE #4

Bank Policy: Land acquisition and loss of access to natural resources are managed in a way that avoids or minimizes displacement, and affected people are assisted in improving, or at least restoring, their livelihoods and living standards

Bank Directive: (i) Avoids or minimizes land acquisition and related adverse impacts; (ii) Identifies and addresses economic and social impacts caused by land acquisition or loss of access to natural resources, including those affecting people who may lack full legal rights to assets or resources they use or occupy; (iii) Provides compensation sufficient to purchase replacement assets of equivalent value and to meet any necessary transitional expenses, paid prior to taking of land or restricting access; (iv) Provides

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[54] Questionnaire feedback responses from the Skills Development Department

supplemental livelihood improvement or restoration measures if taking of land causes loss of income-generating opportunity (e.g., loss of crop production or employment); and (v) Restores or replaces public infrastructure and community services that may be adversely affected.

A. Applicability

Core principle 4 is considered to be applicable to ensure that any potential adverse social impacts from land-related aspects can be screened and mitigated. The upgradation/O&M work for feeder roads/ last-mile connectivity roads and digital connectivity will be undertaken on government lands free from any encumbrances. Land-taking, if any, for feeder roads/last-mile connectivity roads will be of a minor nature and shall be taken through donation from individuals/communities. No new road construction will be undertaken. Private land acquisition is not expected for any of the activities planned under the project. **The Program would not involve any activities which require private land acquisition or any land for which clear title or a recognizable claim is not available with the government.** The civil works to be undertaken for upgradation/refurbishment of CFCs/ SICB/Livelihood schools/Common facilities for entrepreneurs will be undertaken on government lands free from any encumbrances. The proposed civil works under all four categories may also lead to temporary restrictions on access to community members.

In terms of access to natural resources, ecotourism planning could lead to identification and demarcation of areas which are being accessed by pastoralists into conservation zones where movement of animals (pack animals (horses, *dzos*[55] and yaks) would be prohibited.

B. Systems Assessment

The Government of India (GoI) has adequate provisions under The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 to ensure consultations with relevant stakeholders, social impact assessment and appraisal by experts, and provisions for Scheduled Castes, Scheduled Tribes and other forest dwellers. The Act does not cover provisions for encroachers and informal settlers on government land and also on voluntary land donations. The assessment revealed that to meet the requirements of core principle 4, a robust screening mechanism for E&S risks, including land-related aspects, will be required to identify any potential adverse social impacts, which is currently lacking.

The Directorate of Ecotourism currently issues notifications for each conservation zone, whereby the conservation management plan[56] includes informing herders/pack animal operators about the regulations.

C. Gaps

The site selection through the IEIPs will incorporate E&S considerations. A list of clearly defined criteria for selecting potential feeder roads/ last-mile connectivity roads for upgradation/ maintenance will be included in the POM. This would ensure transparency and equitable access to benefits for homestay owners/ entrepreneurs from remote, marginalized communities. A screening mechanism will be developed to ensure that only those government lands which are free from any encumbrances are considered for the proposed upgradation/ operation and maintenance/refurbishment activities. This screening will be undertaken prior to initiation of all works. The Zilla Panchayat representative shall

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[55] A dzo is a hybrid between the yak and domestic cattle.
[56] Yongzokdrak Blue Sheep Conservation Zone, Notification No: 891/FEWMD, Department of Forest, Environment and Wildlife Management [http://www.sikkimforest.gov.in/docs/Wildlife/yongzokdrakbluesheep.pdf]

ascertain voluntariness of land donations, if any, and also ascertain that it does not lead to significant adverse impacts on the livelihood of the household. The list of potential roads will be shared by the tourism department and rural development department with the PMU and the World Bank team so that teams may visit sample sites prior to commencement of works.

In cases where the proposed works would lead to temporary restrictions on communities' access to and use of their land, the following two measures will be ensured:

a) Advance notice: All relevant stakeholders likely to be impacted will be provided advance notice in local language, through multiple channels, atleast 15 days prior to commencement of works.

b) Alternate access routes: Alternate access routes/paths shall be identified prior to commencement of works and all relevant stakeholders shall be adequately informed about the alternate routes, atleast 15 days prior to commencement of works.

CORE PRINCIPLE #5

Bank Policy*: Program E&S systems give due consideration to the cultural appropriateness of, and equitable access to, Program benefits, giving special attention to the rights and interests of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities, and to the needs or concerns of vulnerable groups*

Bank Directive*: (i) Undertakes free, prior, and informed consultations if Indigenous Peoples are potentially affected (positively or negatively) to determine whether there is broad community support for the program. (ii) Ensures that Indigenous Peoples can participate in devising opportunities to benefit from exploitation of customary resources or indigenous knowledge, the latter (indigenous knowledge) to include the consent of the Indigenous Peoples. (iii) Gives attention to groups vulnerable to hardship or disadvantage, including as relevant the poor, the disabled, women and children, the elderly, or marginalized ethnic groups. If necessary, special measures are taken to promote equitable access to program benefits.*

   A. **Applicability**
   B.

Core Principle 5 *is applicable* to the Program as the program activities, especially the skill development and entrepreneurship related activities, will include community members from vulnerable and disadvantaged groups such as, SC/ST/OBC groups; PwDs; youth from childcare institutions; dropouts and unemployed women and youth; rural communities in remote areas; etc. The activities will also be carried out in two villages of the state which are under traditional systems of governance.

   C. **Systems Assessment**

The existing regulatory framework provides adequate protection for vulnerable and disadvantaged groups. The regulatory framework also includes adequate protection for existing *Dzumsa* traditional governance systems through provisions in the Constitution of India, Panchayati Raj Act and State Gazette to continue with their traditional and customary laws. The existing schemes and policies include special provisions for vulnerable and disadvantaged groups. For instance, the National Policy on Skill Development and Entrepreneurship promotes entrepreneurship among under-represented groups, suggesting special focus to be given to the inclusion of scheduled castes and scheduled tribes, minorities, differently abled, etc. It also promotes enrolment of incubators and mentors catering to these groups in the national entrepreneurial ecosystem.

   D. **Gaps**

It would be important to ensure adequate consultations with representatives of *Dzumsas* are undertaken to inform the Integrated Economic Inclusion Plans (IEIPs) at the district-level. A dedicated behavior change and communication strategy would be needed to ensure the differentiated needs of specific vulnerable and disadvantaged groups are included and detailed strategies/ methods/tools for engagement with each group are mapped. Community participation would be ensured for developing this strategy and monitoring would be done through the involvement of community members.

CORE PRINCIPLE #6

Bank Policy: *Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.*

Bank Directive: *Considers conflict risks, including distributional equity and cultural sensitivities*

A. Applicability

Core principle 6 is not applicable for the proposed Program. Given the recent ethnic tensions in India's NER[57], the program activities have been screened for avoiding exacerbation of social conflict under core principle 6. As per a report by MDoNER, Sikkim has done well in "striking a balance between the various ethnic groups (mainly the Lepchas, Bhutiyas and Nepalis) (which) has also prevented emergence of major conflicts."[58] Further, the Sikkim Human Development Report from 2014 mentions that "the state (Sikkim) today is a beacon of peace in the largely volatile and restive north-eastern region of India."[59] Therefore, this core principle is deemed as "not applicable" for the Program. The project activities are not expected to exacerbate social conflict at the state, district or village level. The following section includes an exclusion list of high-risk activities, including social sector and infrastructure investments in high mountainous areas.

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[57] Source: https://www.reuters.com/world/india/ethnic-tensions-indias-northeast-forces-evacuation-20000-guarded-camps-2023-05-05/
[58] Source: https://mdoner.gov.in/contentimages/files/ARC_7thReport_Ch12.pdf
[59]Source: https://www.researchgate.net/profile/Sandeep-Tambe/publication/320125648_Sikkim_Human_Development_Report_2014/links/59cf18364585150177db8f6a/Sikkim-Human-Development-Report-2014.pdf

7. Recommendations and Action Plan

This section recommends measures that will be taken to strengthen system performance in line with the gaps and risks identified in the system assessment section to ensure that the Program interventions are aligned with the Core Principles of Bank Policy for Program-for-Results financing. The identified key areas are elucidated below. These actions may be further refined and adjusted during the consultation process and the implementation of the Program.

7.1 Exclusion of high-risk activities

The Bank's Program was reviewed to ensure that activities with certain characteristics are not eligible for inclusion in the PforR operation. Based on the assessment, it was confirmed that the following high-risk activities would be excluded from the Program:

- No new construction/ major civil works within and in proximity of Protected Areas and other ecologically sensitive areas.
- No social sector and infrastructure investments in high mountainous areas.
- No activities/major civil works that pose risks to areas of ecological and cultural heritage significance.
- No large-scale changes in land use or access to land and/or natural resources.
- No land acquisition and/or resettlement would be undertaken under the Program. The project activities would not involve any construction where private land acquisition is required or any land for which clear title or any recognizable claim is not available with the government.
- No activities that involve the use of forced or child labor;
- No activities which could lead to marginalization of, or conflict within or among, social groups;
- No activities that would have adverse impacts on land and natural resources subject to traditional ownership or under customary use or occupation or common property resources; or cause relocation of Indigenous People/ tribal communities or have significant impact on them.

There are no potentially significant, adverse social impacts in the Program design. During the implementation, the GoS will be required to ensure that all such activities remain excluded.

7.2 Key Highlights of Gaps and Recommendations

a. Strengthening environmental and social due diligence

National legislative due diligence structure and EIA procedural guidelines are largely consistent with the principle of environmental protection; however, proposed program interventions greatly fall outside the permissible thresholds for EIA within the state/country which is a key gap observed and will not be required to undergo national or state level environmental clearance. While the Program will only support construction largely within existing footprints, (i.e. upgradation/refurbishment of existing livelihood schools, SICB, CFCs, upgradation of existing feeder roads/ last-mile connectivity rural roads and the expansion of the fiber optic network along existing road shoulders), a due diligence would need to be in place to:

- (i)   address all construction related environmental impacts and OHS issues;
- (ii)   ensure adverse impacts on natural habitats, community forests, buffer zones and physical cultural resources that are in close proximity to program sites are identified and considered in work methods early on;

(iii)   screen for any potential SEA/SH/GBV related risks and adopt measures to prevent and respond to such cases in a sensitive manner;

(iv)   screen and monitor land and labor related aspects; and

(v)   consult and inform relevant stakeholders of program activities providing them an opportunity to express concerns and ensure participatory decision-making.

b. Strengthening the planning and regulatory framework for eco-tourism development

Despite a sound policy framework in place, backed by regulatory provisions to protect biodiversity, sustainability in the tourism sector is a challenge. In order to ensure eco-tourism under Program expands in a regulated manner and not at the cost of ecological degradation and cultural erosion, it would be necessary to understand and evaluate the impacts of eco-tourism in Sikkim thus far, assess the implementation effectiveness of the eco-tourism policy, review the adequacy of existing regulations and bylaws that provides the legal basis to enforce the Eco-tourism policy and identify institutional, regulatory and capacity gaps. It is also necessary to identify and put in place a monitoring system to collect data and evidence on eco-tourism related trends for planning purposes that will enable management of tourist influx based on zoning, estimation of natural and social carrying capacity of zones and established ecotourism rules. It is expected that this study will bring all stakeholders together and build consensus on key areas to be strengthened for growth of the sector to take place in a regulated manner.

7.3 Recommended E&S actions in the Program Action Plan

The following table includes the ESSA inputs into the overall Program Action Plan:

PAP action	Nodal agency	Timeline	Description/Means of verification
Integrating E&S checklists for management of E&S risks, including land, public and worker safety, at the site level for all civil works.	PDD/PMU	Within three month of project effectiveness. Before Program implementation involving civil works.	1. Develop program specific E&S management guidelines which will include an E&S Checklist, Environment and Social Codes of Practice and Monitoring formats. Means of verification – This will be integrated into the Program Operations Manual to ensure management of environmental and social impacts in project financed civil works. 2. The checklists will include screening for land, OHS compliance for workers and public, etc. Nodal departments to monitor compliance by all implementing agencies/ contracted services/ other entities under them.
Strengthen Grievance Redressal Mechanisms across nodal departments and implementing agencies	PDD/PMU	Within six months of project effectiveness	SOPs would be developed for grievance redressal by all priority departments with support from the World Bank team. Means of verification – Quarterly E&S reports (aligned with PMC reports) would include updates on grievance management.
Gender-disaggregated baseline assessment of Eco-tourism practices.	DEC in collaboration	In the first year of Program effectiveness	Undertake a baseline assessment to map homestays and eco-tourism practices to inform implementation

PAP action	Nodal agency	Timeline	Description/Means of verification
	with PDD and TCAD		of the state's ecotourism policy. Means of verification – As per DLI 3.

7.4 Implementation Support Plan

The Bank's implementation support should focus on helping the client achieve the program results and DLIs, by strengthening systems and procedures related to environmental and social aspects. The specific focus for social risk management should be on: (a) ensuring the environment and social specialist in the PMU is maintained throughout implementation of project activities to address the program requirements; (b) augmenting capacity of the staff in the PMU and the Technical Support Agencies (TSAs), nodal officers in the priority departments and other relevant stakeholders on environment and social risk management through trainings on aspects such as E&S risk screening, response to SEA/SH risks, grievance redressal, community engagement etc.; (c) adopting social risk screening procedures to exclude activities involving adverse impacts such as land acquisition, child labor, etc.; (e) streamlining the monitoring and reporting process on social issues such as land, community and occupational health and safety during civil works, beneficiary engagement, social inclusion and grievance management; and lastly (d) strengthening community engagement through a dedicated behavior change and communication strategy.

8. Consultations and disclosure

This chapter provides details on the consultations and disclosure relating to (a) conducting the ESSA and (b) the program activities.

8.1 Consultations during ESSA preparation

The process of development of the ESSA included multiple consultations, formal and non-formal (such as face to face interviews, questionnaire-based survey, small group discussions and community meetings) at the state and district level. A list of consultations and key outcomes are presented in the table below.

No	Stakeholder	Department	Key discussion points/findings
Meetings and site visits			
	• Institutional stakeholders		
1	Additional Director, *Niyukti Kendra* (and four other staff members)	Niyukti Kendra, Gangtok, Sikkim	• NK organized 13 job fairs, covering 4 districts since its inception. The combined attendance at the job fairs was 1003 candidates and participation of 118 employing agencies. • 80% of the candidates sent to the training centres are females, mostly drop-outs from urban areas. • There are 5 Model Career Counselling Centres, located in Jorethang, Gangtok, Mangan and Deythang. Cater mostly to walk-in candidates. • NK usually gets 6-7 grievances in a month, most of which are from employers. • NK does not have a dedicated line for grievance redressal. The calls and WhatsApp messages come to personal numbers of the staff of NK.
2	Ms. Choden Gyatso, Additional Secretary	Industries and Commerce	• Based on Sikkim's investment policy, the Department is focusing on green sectors to promote investments in – hydropower and renewable energy. • It avoids promoting sectors that cause significant pollution • The department monitors environmental and safety compliance in industries both during facility operation and civil works construction phase and the industries also • There is no inhouse capacity for E&S risk management but willing to assign a senior officer to be trained by the Progarm in this area.
3	Ms. Asha Gurung, Principal Chief Engineer Buildings and Housing	PWD	• Central PWD guidelines are followed to ensure environmental management during civil works construction. • Environmental Management Plans for civil works is required for projects with values exceeding INR 10 million and these plans need to be submitted to the Forest department. • The PWD does not have designated staff/unit assigned to work specifically on E&S sustainability and these are

No	Stakeholder	Department	Key discussion points/findings
			currently managed by following the CPWD guidelines and provisions in the standard bid document.
			• Therefore, the department faces significant challenges to directly conduct E&S due diligence as it lacks dedicated trained manpower and allocated budgets.
			• Similarly, environmental, labor, health and safety audit reports are only prepared by the department for large projects. It was also confirmed that no such non-compliance with respect to permits, approvals, licenses or regulations has been reported in the last 2 years.
			• Environmental monitoring is mostly done by the FED.
4	Senior most officials of the Forest and Environment Department and officers from DEC	Directorate of Eco-tourism	• Department's vision is to make Sikkim a Sustainable state that is extremely conscious of its rich biodiversity.
			• 82.31% of the state is under the administrative control of the Forest Department. However, total forest cover 47.08%; seven Wildlife Sanctuaries, one National Park and one Conservation Reserve and Khangchendzonga Biosphere Reserve (KBR)
			• There is a urgent need to conduct a detailed study to assess the carrying capacity of the state with of the 11 identified zones for Eco-tourism.
			• The second urgent need is to manage solid waste though sustainable plans. While the city areas under the municipalities is struggling to cope with the rising volumes of MSW, the rural areas have other challenges to collect & dispose wastes.
			• The state also has a large presence of defence personnel located in remote border areas. The kitchen wastes from these defence garrisons is disposed indiscriminately down the hillside leading to foraging by dogs, bears and monkeys.
			• These dogs often turn predatory when food supplies are disrupted and then hunts for food in the adjacent forest areas.
			• There is also an urgent need to strengthen the Biodiversity Management Committee (BMC), Joint Forest Management Committee (JFMC) and Eco-Development Committee (EDC).
			• Before an eco-tourism business commences, the DEC requires the beneficiary to submit a report on the selected location, construction plans and business plans only if the proposed business is to be located in Protected Areas.
			• It was also confirmed that DEC offers training and capacity building to beneficiaries who are engaged in eco-tourism business and these trainings are conducted based on stakeholder meetings.
5		Tourism Department	• Proposed interventions under INSPIRES is not to construct new feeder roads but to upgrade the existing feeder roads by metaling them.

No	Stakeholder	Department	Key discussion points/findings
			• not entail widening from the typical width of 3.75 meter - typical length of the feeder roads is between 1 and 2 kilometers. • Design of the feeder roads will be done by engineers in the department and monitoring of the work awarded to the contractors will also be done by department engineers. • Aspects regarding worker safety at work site, management of wastes generated and guidelines to minimize impact on bio-diversity are outlined in the bid document for contractors to follow • The department also outlined its keen interest to conduct a study to assess the carrying capacity of the state with respect to the number of tourists that visit annually
6	Mr. Sonam Tashi Wangdi	IT Department	• Work to expand fiber network is ongoing at Soreng district where the poles are being erected along a total length of 200 Km. No excavations needed as lines are overhead. • The typical distance between poles is 35m. • Contractor executing the work at Soreng, has about 40 – 50 numbers of labor who have been provided with accommodation & sanitation facilities. No female laborers are engaged and local labor is prioritized for unskilled work. • Disposal of e-waste, defective equipment is listed by various departments, inspected by IT dept and shipped to a warehouse for before shipped to a recycler in Kolkata to recycle/dispose.
	Questionnaire based Institutional Assessment Surveys		
7	Senior Officers	Health and Family Welfare; IT; Rural Development Department; Skill Development Department; Tourism and Civil Aviation Department	• These 5 departments provided comprehensive feedback on the data collection questionnaire on their internal staffing capacity and resource allocation for E&S due diligence and sustainability. Responses from other priority departments were recorded in-person.
	Other stakeholders		
8	Youth from Childcare Institutes	Balika Niketan, Gangtok	• Career counselling workshop was conducted by SICB for them. Teacher in school also provides information on career-related aspects. • In-house counsellors take group counselling twice a month on topics such as hygiene, discipline, problem solving, good behaviour, etc. The counsellor also calls them for one-on-one sessions. • Within the home, there are various committees that try to handle issues, if any arises. If the matter cannot be resolved within the house by the committees or the warden, it is taken up to the Superintendent, Arithang Social Welfare (NGO). If the matter is still not resolved, it is then referred to the Child Protection office.

No	Stakeholder	Department	Key discussion points/findings
9	Youth and women entrepreneurs (consultation)	Department of Industries and Commerce, Gangtok, Sikkim	• Need to reverse rural to urban migration – Development of rural entrepreneurship could be an effective way to keep it in check. • Constraints for economic growth emanating from labor-related challenges – currently state's economy being fuelled by labor from outside the state. • Jobs in the private sector mostly blue-collar jobs, not being opted for by locals because of preference for government jobs. • Entrepreneurship ecosystem in the state has three main areas of challenge - Infrastructure, manpower, climate. • Income requirement a hinderance for channelizing loans from banks. • Need for promoting entrepreneurship in schools through seed funding for incubators.
10	Homestay owners	Various locations	• Business was booming pre-COVID. • Usual duration of stay 3-4 days; lack of electricity backup and poor internet connectivity biggest concerns. • Lack of capital to invest in upgrades; soft loans available for improvements (such as inverters etc.) • In practice, categorization of homestays not as per rules – almost all homestays put in the same category. • Need capacity building support for standardization and certification. • Code of conduct made by the community for both guests and owners.
11	General Secretary, Homestay Owners' Association	Gangtok, Sikkim	• Currently footfalls concentrated in select pockets. • Development of adventure tourism could help dissipate seasonality and disperse tourists to different rural pockets. • Capacity-building for hospitality not needed; upskilling required on crucial aspects of business development such as digital marketing and basic bookkeeping. • Study on livelihood potential and impacts of rural homestays could be undertaken.
12	Stakeholders from tourism department (Consultation)	Department of tourism, Gangtok, Sikkim	• Network connectivity issues highlighted as main challenge across the board. • There have been instances of missing persons/ death while on treks. The use of satellite phones is not permitted in Sikkim. However, the department suggested that since handheld radio devices could be used, training on operating these devices was needed for department staff, trek guides and sherpas. • Data on arrivals figures not reliable – challenge faced during framing of ecotourism policy.

No	Stakeholder	Department	Key discussion points/findings
13	Female trainees at IHM	IHM, Gangtok, Sikkim	Of the 23 female trainees who participated in the FGD, 39% learnt about IHM from online media, 35% from alumni, and 25% from family and friends. 74% expressed their wish to work abroad, while the remaining wished to start their own venture in Sikkim. Key challenges faced by the trainees are listed below: • The dropout rate was high. • The courses do not provide business knowledge/ information on starting one's own venture and/or availing loans. • Lack of hostel facilities for girls. All the trainees stayed as paying guests in houses near IHM. • Hygiene concerns about women's washrooms at the institute. • There is only one bus available for transportation of all students. When the bus gets too congested, the students have to "sit on each other's laps". • Issues raised by the trainees are not addressed in a timely manner. A complaint box is kept but the trainees considered it to be unhelpful. • The trainees emphasized the need for provision of a counsellor as the courses could be "mentally draining" sometimes. • The participants also expressed the need to include recreational activities.
14	Counsellor/ AHFW clinic officer	PHC, Sang, East district	• The lone counsellor at Sang PHC was mapped to 83 schools. The PHC has promoted 1-2 nodal teachers per school as "School Health Ambassadors" who were responsible for individual/group/classroom counselling and referral of cases to the PHC. During COVID-19, the counsellor had received a mobile phone from the for counselling purposes, which continues to be used for addressing requests from students/teachers. Most common counselling requests were related to substance abuse, family issues and exam-related stress.

8.2 Stakeholder Consultations and Disclosure of the ESSA

Executive Summary (English) of the draft ESSA was disclosed on the GoS website[60], a week prior to the stakeholder consultation and disclosure workshop, to solicit comments and feedback from stakeholders. An ESSA consultation and disclosure workshop was organized on September 20, 2023, to discuss the comments and feedback and these will be incorporated in the ESSA where relevant.

The main points that emerged from the stakeholder workshop included the following:

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[60] Available at: https://sikkim.gov.in/departments/development-planning-economic-reforms-affairs-department/draft-executive-summary-of-essa-for-the-sikkim-integrated-service-provision-and-innovation-for-reviving-economies-inspires

a) improving mental health services for counsellors dealing with substance abuse cases;
b) ensuring participation of sub-district level representatives in planning and implementation of program activities;
c) continuous stakeholder engagement should be ensured throughout implementation; and
d) key program information should be widely disseminated in local language.

Detailed summary of the inputs received from stakeholders during the consultation workshop are included in Annex 3.

The final ESSA will be disclosed on the Bank's external website and the GoS website in October 2023. The executive summary of the final ESSA will also be translated to Nepali language and disclosed on the GoS website in October 2023.

8.3 Arrangement for consultation and Disclosure relating to Program activities during Implementation

Consultations and disclosures, as necessary, will continue throughout the implementation phase of INSPIRES. All relevant environmental and social screening checklists and templates will be included in the POM.

ANNEXURES

Annex 1: Key references, sources, and websites used.

1. Sikkim State of the Environment Report, 2016
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22. Forests, Environment & Wildlife Management Department, Government of Sikkim. Chapter II: Schemes and Policies Implemented from 1995-96 till 2010-11. [http://sikkimforest.gov.in/Reports%20and%20Publications/15years/2_Chapter%20II%2015years%20Acheivements%20pg%208-14.pdf]
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24. National policy on skill development and entrepreneurship 2015. https://www.msde.gov.in/sites/default/files/2019-09/National%20Policy%20on%20Skill%20Development%20and%20Entreprenurship%20Final.pdf
25. Sikkim Micro Small and Medium Enterprises Policy, 2019. https://industries.sikkim.gov.in/wp-content/uploads/2019/07/Sikkim-MSME-Policy-draft-converted.pdf
26. CPGRAMS Monthly Report - States/UTs. June 2023 [Report Number 11] https://darpg.gov.in/sites/default/files/2023-06-01_state.pdf

Annexure 2: Data on Gross Enrolment Ratio for SCs and STs

Gross Enrolment Ratio (GER) for SCs and STs by Level of School Education														
	Primary (1 to 5)			Upper Primary (6 to 8)			Elementary (1 to 8)			Secondary (9-10)			Higher Secondary (11-12)		
	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
(SCHEDULED CASTES)															
India	111.5	114.9	113.1	103.1	104.5	103.8	108.4	111	109.7	84.2	85.6	84.9	59.5	63.7	61.5
Sikkim	168.6	168.2	168.4	130	136.8	133.2	150.9	153.9	152.3	136.3	184.2	158.3	82.9	94.8	88.8
(SCHEDULED TRIBES)															
India	106.3	**106.7**	**106.5**	**98.3**	**97.6**	**98**	**103.4**	**103.3**	**103.4**	77	79.2	78.1	50.5	53.6	52
Sikkim	113.2	**97.5**	**105.5**	**76.2**	**78.2**	**77.2**	**95.9**	**88.4**	**92.2**	85.6	95.9	90.7	55.9	74.2	65.1

(Source: UDISE+ Flash Statistics 2021-22; emphasis added)

Annex 3: Summary of ESSA consultation workshop

The stakeholder workshop on draft ESSA was organized on September 20, 2023 with around 60 participants, including representatives from various priority departments, district and sub-district administrations, media, academia, civil society organizations, community-based organizations, *Dzumsas*, and industry associations.

Ms. Roshnila Gurung, Assistant Director and E&S nodal officer from the PMU of Sikkim INSPIRES, welcomed the participants. In her opening remarks, Ms. Rohini Pradhan, Additional Secretary cum Project Director, Sikkim INSPIRES, spoke about Sikkim INSPIRES focus on economic inclusion of Sikkim's women and youth in non-farm sectors. She also highlighted that the workshop was organized not only to inform all stakeholders about the program, but also to seek their feedback and suggestions that will lead to improvement in the overall program design, planning and implementation.

The opening remarks was followed by a brief overview of the PforR program by Benedicte Leroy De La Briere, Lead Economist, the World Bank. The session detailed the objectives, cost, timeline, and key components/activities under the program. The World Bank E&S team then highlighted the purpose of the ESSA and briefly explained the methodology adopted by the World Bank team in preparing the ESSA. The key environmental and social findings and recommendations of the report were then presented. The presentation was followed by comments, Q&A and discussion with the participants which was moderated by the World Bank team.

The main points that emerged from the stakeholder workshop included the following:

a) improving mental health services for counsellors dealing with substance abuse cases;

b) ensuring participation of sub-district level representatives in planning and implementation of program activities;

c) continuous stakeholder engagement should be ensured throughout implementation; and

d) key program information should be widely disseminated in local language.

The agenda, list of participants and selected photographs are given below.

i. Agenda of the Workshop

Sikkim: Integrated Service Provision and Innovation for Reviving Economies Program

Stakeholder Consultation Workshop on

Draft Environmental and Social Systems Assessment [ESSA]

11:00 - 13:00, September 20, 2023

Venue: Hotel Denzong Regency, Gangtok

Agenda

Timing	Session Description	Speaker / Anchor
10:45 - 11:00	Registration	

11:00 - 11:05	Welcome Remarks	Environmental & Social (E&S) Nodal Officer, PMU, Sikkim INSPIRES
11:05 - 11:15	Opening Remarks	Mission Director, Sikkim INSPIRES
11:15 - 11:25	Sikkim INSPIRES PforR – A Program Overview	Task Team Leader, World Bank
11:25 - 11:55	ESSA: Overview And Process ESSA: Findings & Recommendations – Environment ESSA: Findings & Recommendations – Social	E&S Specialists, World Bank
11:55 - 12:55	Discussions	Moderated By E&S Specialists, World Bank
12:55 - 13:00	Closing Remarks	E&S Nodal Officer, PMU, Sikkim INSPIRES
13:00 Onwards	Lunch	

ii. List of Participants[61]

Sikkim: Integrated Service Provision and Innovation for Reviving Economies Program
(Proposed Sikkim INSPIRES Program)
Stakeholder Consultation Workshop
On
Draft Environmental and Social Systems Assessment (ESSA)
Date: September 20, 2023,

S.No	Name	Designation	Organization	Email ID	Mobile
1.	Ram Prasad Child	Principal Special School	Special School for children with Disabilities		
2	Laik Tsneden Theung	Landscape coordinator	WWF-India		
3	Kaji Shyan	Jt. Quodn JHOF	Vox CAV		
4)	Sayojya Tamang	SIA	IPR		
5)	Chumsang Bhde	DCPO	W & CDD		
6)	Peter Rai	PO	W & CDD		
7)	Raj Pradhan	State Coordinator	SEED		
8)	Karma Thetop	Stakeholder	HAS		
9)	Pintso Gyatso	General Secretary	HAS		

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[61] Private mobile numbers and email addresses have been removed for data protection.

**Sikkim: Integrated Service Provision and Innovation for Reviving Economies Program
(Proposed Sikkim INSPIRES Program)
Stakeholder Consultation Workshop
On
Draft Environmental and Social Systems Assessment (ESSA)
Date: September 20, 2023,**

S.No	Name	Designation	Organization	Email ID	Mobile
1	Tashi Doma Bhutia	Jt. Dir.	WCDD		
2	Amit Kapil Chettri	Dy. GM	STDC		
3	Tejpal Hadhen	AGM (OPS)	STDC		
4	RAMESH SHARMA	Panchayat	OS Tarpin GPU		
5	Nita Nizash	Correspondent	UNI		
6	ereknaks Sharma	Photographer	IPR		
7	Sandeep Bhutia	AS	SDD		
8	Karna Pintso	Zilla Panchyat	R.D.D		
9	PRIYA SHRESTHA	Team Lead	WWF-India		

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**Sikkim: Integrated Service Provision and Innovation for Reviving Economies Program
(Proposed Sikkim INSPIRES Program)
Stakeholder Consultation Workshop
On
Draft Environmental and Social Systems Assessment (ESSA)
Date: September 20, 2023,**

S.No	Name	Designation	Organization	Email ID	Mobile
19	Dr. Sonam. O. Lasopn	Sr. Cl Psy	Dept of H& FW		
20	Nirmal Karkidoli	SUTO Add. Publicity Secretary	SUTO		
21	SUBHA MUCHIA	Addtl Secy/RDD	RDD		
22	Hemant Khatiwah	Dy. Secretary	Commerce &		
23	Nikesh Rizaily	UDC	— do —		
24	Pasu Bishoi.	SDM Gangtok	LR&DMD.		
25	Sonam G Bhutia	UGC-NET SRF (PhD) DEPT OF TOURISM (Research Scholar) SIKKIM UNIVERSITY	DEPT OF TOURISM SIKKIM UNIVERSITY		
26	Norit Lepcha	Superintendent Shakti Sadan	ASHI		
27	Aruna Tamang	Counselor	ASHI		

Sikkim: Integrated Service Provision and Innovation for Reviving Economies Program
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Stakeholder Consultation Workshop
On
Draft Environmental and Social Systems Assessment (ESSA)
Date: September 20, 2023,

S.No	Name	Designation	Organization	Email ID	Mobile
28	K. C-Niraj	Team Leader	FREEDOM		6
29	Rohan Gawane	ADM/Gtk	LRDM		
30	Jigme Wangdi	Dy Sec	Commerce & Ind. Deptt.		
31	Pem Lhamu Pchulia	AD/SDD	Skill Dev. Deptt		78
32	Leon Dongchuk Pchulia	AD/SMAC	Skill Dev. Dept		0
33	Sang Prasad	Sr.Acct/SOD	Skill Dev. Dept		2
34	Raj Lama	Chief Coordinator	SEED Cell		8
35	Chuzay Bhutia	Project manager (PM/PMU)	MSME Division, C & I Deptt.		

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On
Draft Environmental and Social Systems Assessment (ESSA)
Date: September 20, 2023,

S.No	Name	Designation	Organization	Email ID	Mobile
	Phupu Tsh Bhutia	Project coordinator	Khangchendzonga Conservation Committee (K.C.C)		S
36	Ganesh Shivakty	President (SUTO)	President (SUTO)		
37	Yangchen Thupcha	VP TAAS	Taas sikkim TAAS		
38	Phupu Tsh Bhutia	Project coordinator	Khangchendzonga Conservation Committee (K.C.C)		S
39	Prerna Chamling	Addl. Secy.	Tourism Dept		
40	Sradha Sham	State President			3
41	Bhasker Bhutia	V. President	Panchayat		
42	Chinmi Bhutia	Protection officer OSC	Social Welfare OSC		
43	Mangdi Hangma Limbu	Call Responder Women Helpline 181	Women & Child Deptt (WHL)		8

On
Draft Environmental and Social Systems Assessment (ESSA)
Date: September 20, 2023,

S.No	Name	Designation	Organization	Email ID	Mobile
44	Namina lekhay.	WHL Responder.	WHL (WCD).		
45	Bhawana Gurung.	Member.	TAAS.		

Sikkim: Integrated Service Provision and Innovation for Reviving Economies Program
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Stakeholder Consultation Workshop
On
Draft Environmental and Social Systems Assessment (ESSA)
Date: September 20, 2023,

S.No	Name	Designation	Organization	Email ID	Mobile
	Benedicte leroy		WB		
	Anna O'Donnell		NB		
	Rohini Pradhan	P.D. INSPIRES G	GoS.		
	Rashmila Gurung		GoS		
	Ambrish Shahi		WB		
	G. Srihari		WB		
	Bodhisattya Datta		WB		
	Divya Lad		WB		
	Ashmeetha Shetty		WB		

Sikkim: Integrated Service Provision and Innovation for Reviving Economies Program
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Stakeholder Consultation Workshop
On
Draft Environmental and Social Systems Assessment (ESSA)
Date: September 20, 2023,

Name	Designation	Organization	Email ID	Mobile
Kanchan Poonew		WB		
Sousli Mahesh		WB		
Binoy Varma		WB.		
Nadeera Rajapeksc		WB – Colombo – connected vistrely.		

iii. Select photographs from the workshop

Sikkim INSPIRES holds stakeholder consultation workshop ESSA draft

GANGTOK, 20 SEPT [IPR]: Sikkim INSPIRES, under the Planning and Development Department in collaboration with World Bank, organised a Stakeholder Consultation Workshop on Draft Environmental and Social Systems Assessment (ESSA) at a local hotel in Gangtok today.

The workshop had the presence of District Collector, Pakyong, Tashi Chopel, Additional District Magistrate, Agawane Rohan Ramesh, Sub-Divisional Magistrate, Pari Bishnoi, Nodal Officers of various departments, Members of the Zilla Panchayats, World Bank, Dzumsa, NGOs, stakeholders and local gentry.

Sikkim INSPIRES [Integrated Service Provision and Innovation for Empowering Women and Youth] aims to create an improved economic inclusion platform for women and youth in Sikkim, particularly in non-farm sectors.

In her opening remarks, Additional Secretary cum Project Director, Sikkim IN-SPIRES, Rohini Pradhan, mentioned that this departmental initiative is a pioneering effort within the state and provided a concise overview of the proposed project. It was also mentioned that the World Bank has allocated a $100 million fund to support the project over a span of five years.

Additionally, she outlined the three key result areas of the Sikkim INSPIRES pro-

gramme which included the strengthened state system to deliver inclusive growth, improved employment linkages for women and youth in priority sectors and enhanced delivery of enabling services for economic inclusion of women and youth.

She emphasised the importance of the department's involvement in conducting surveys and delivering the results to gain a deeper understanding of the potential for growth as well as the challenges and drawbacks faced in the process.

In her welcome address, Assistant Director, Sikkim IN-SPIRES, Ms. Roshnila Gurung, outlined the goals of the project and emphasised that it is currently in the planning and design phase, highlighting the crucial need for active involvement from all line departments to ensure a favourable and forward-looking outcome.

During the programme, Lead Economist, CO/Task Team Leader, World Bank Ms. Benedict Leroy, delivered a presentation providing the World Bank's perspective on the programme's overview.

The project's Environment findings and recommendations were presented by Environment and Social specialist, World Bank, Ms. Nadira Rajpakse. Similarly, the social findings and recommendations were presented by Programme Analyst, World Bank, Ms. Divya Lad.

The programme concluded with an engaging discussion session.

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Annex 4: ESSA Exclusion List

- No new construction/ major civil works within and in proximity of areas such as forests, wildlife habitats and other ecologically sensitive areas.
- No social sector and infrastructure investments in high mountainous areas.
- No activities/major civil works that pose risks to areas of ecological and cultural heritage significance.
- No large-scale changes in land use or access to land and/or natural resources.
- No land acquisition and/or resettlement would be undertaken under the Program. The project activities would not involve any construction where private land acquisition is required or any land for which clear title or any recognizable claim is not available with the government.
- No activities that involve the use of forced or child labor;
- No activities which could lead to marginalization of, or conflict within or among, social groups;
- No activities that would have adverse impacts on land and natural resources subject to traditional ownership or under customary use or occupation or common property resources; or cause relocation of Indigenous People/ tribal communities or have significant impact on them.

Annex 5: Photographs from visits to potential sites for civil works

1. Potential livelihood school where minor civil works for upgradation/refurbishment may be undertaken. (Government Livelihood School, West Pendam)

2. Potential Common Facility Centre where minor civil works for upgradation/refurbishment may be undertaken. (Rural Artisan Marketing Centre, Gangtok)

3. Potential feeder roads leading to homestays where upgradation may be undertaken:

Homestay 1 (Bustee Village Farm House, Ranka) -

Homestay 2 (Enchanted Forest Farm, Parbing) –

4. Potential last-mile connectivity rural footpaths which may be undertaken for upgradation (Yalli village)
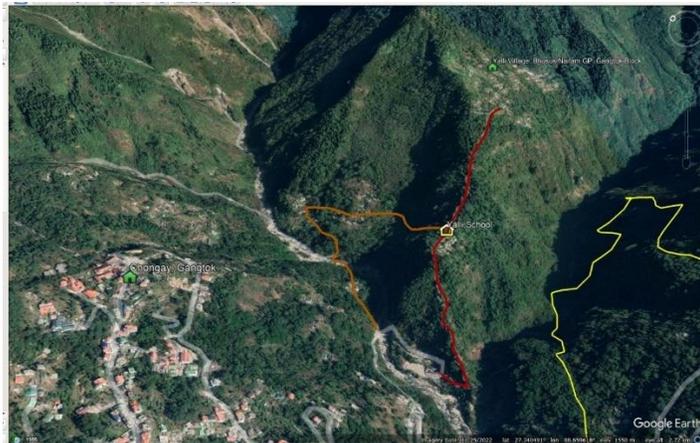

5. Ongoing works for OFC poles and stringing being undertaken by the IT department (Soreng district)

(Screengrabs taken from videos shared by the IT department)

6. Site visit to a rural road under construction by the Rural Development Department (Ranka, Gangtok):

(Interaction with the local contractor, Gram Panchayat representative as well as the district-level officer from RDD, responsible for monitoring of works.)
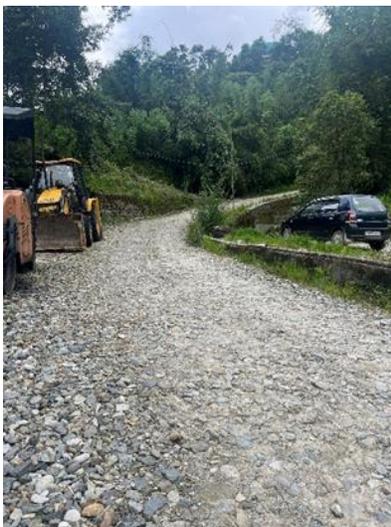
Annexure 6: Environment and Social Screening Checklist

(This is a <u>sample</u> screening checklist which may be adapted according to project activities for screening E&S risks from small scale civil works supported by Sikkim INSPIRES that includes:
i)   civil works for upgradation and operation & maintenance of feeder roads and last-mile connectivity roads;
ii)   civil works for IT connectivity/optic fiber connectivity (OFC) in one district;
iii)   upgradation/refurbishments of SICB and select livelihood schools;
iv)   Upgradation of CFCs and common facilities for entrepreneurs.

The checklist can be filled by the relevant staff members of the Department and validated by the Environment and Social Specialist in the INSPIRES PMU.

Note: Project Area referred to in the checklist will be the area within which the proposed development will take place and its immediate surroundings. In the case of feeder roads and last mile connectivity roads, this will include the road corridor.

No	Screening Question	Yes/No	Explanation
Location details			
1	Name of the District/Town/Village		
2	Type of Land and ownership details		
Environment			
4	Type of Terrain (Plain/ Undulating/ Hilly/ Mountainous etc.) in the Project area. (*For feeder road and last mile connectivity road upgradation work, explain how many km of the road are located in the hilly area*)		
5	Presence of protected areas in proximity of the project area (*Explain whether the road passes through or located along protected areas, and if so distance from shoulder to such areas*)?		
6	Is any part of the project area identified land classified as 'forestland'		
7	If yes, status of clearance from the Forest Department		
8	NoC from Forest Department obtained (applicable to forest/ any other type of land)		
9	Are there agricultural lands in the immediate surroundings of the project area?		

10	Are there any areas with serious landslide or erosion problems in the project area? (*If yes, indicate the locations including the chainage in the case of feeder roads/last mile connectivity roads*)		
11	Are there any Tanks/streams /rivers/swamps within or in close proximity to the project area? (*If yes, list them indicating the location*)		
12	Is the area along the project road prone to flooding or any problems of water stagnation and other drainage issues? (If yes, mention locations, flood level and frequency)		
13	Are there any trees with a girth of 10cm or more at breast height within the project area which may need to be removed (for roads consider 2 m corridor from the edge of the road on either side) (If yes attach list of trees indicating the location		
14	Is there any evidence of flora and fauna species that are classified as endangered/threatened within a buffer zone of 100m from the project site?		
15	Are there any religious, cultural or community structures/buildings within 50 m on either side from the centre line of the road? (If yes attach list with chainage)		
16	Are there any utility structures1 within 2 m on either side from the centre line of the road alignment or within the existing ROW of the road? (If yes, attach list with chainage		
Social			
17	Whom is the land in possession of? (Check all that apply)	• Government • Private land • Community land	Specify details
18	Are there any squatters living on the proposed stretch of land?	Yes / No (If Yes, give details)	

19	Are there any commercial structures on the land proposed?	Yes/ No (If Yes, give details)	
13	Is the land being used as common property resources - such as water supply structure; sanitation structures; power supply infrastructure etc. or approach way	Yes/ No (If Yes, please write details about the structure and its use by local residential/ commercial/ institutions)	
14	Is there any encroachment or any claim on land	Yes/ No (If yes, give details of from when and what kind)	
15	Does the site have independent/ free approach/ access from the road	Yes/ No	
16	Does the access to site require any land acquisition or land purchase	Yes/ No	
17	Is the site identified suitable for fearless and comfortable visit by one and all, especially women and other marginalized population	Yes/ No	
18	Approximate distance from public transport facility (e.g. bus stop etc.)		
19	Any other specific information related to land	Give details	
20	Is the map of land and copy of other supporting revenue documents illustrating title holder is enclosed	Yes/ No	
21	Is the photograph of the land enclosed	Yes/ No	
Public Consultation			
22	Consultation with local community was conducted before finalizing the screening? (Attach list of people met and dates)		
23	Any suggestion received from the public in improving environment and social sustainability?		
24	If suggestions received, were they incorporated into the project detail?		