

**INTEGRATED SAFEGUARDS DATA SHEET  
APPRAISAL STAGE**

**Report No.: ISDSA6930**

**Date ISDS Prepared/Updated:** 18-Dec-2013

**Date ISDS Approved/Disclosed:** 20-Dec-2013

**I. BASIC INFORMATION**

**1. Basic Project Data**

<b>Country:</b>	Nepal	<b>Project ID:</b>	P131592
<b>Project Name:</b>	SREP-Supported Extended Biogas Project (P131592)		
<b>Task Team Leader:</b>	Mohua Mukherjee		
<b>Estimated Appraisal Date:</b>	20-Dec-2013	<b>Estimated Board Date:</b>	18-Mar-2014
<b>Managing Unit:</b>	SASDE	<b>Lending Instrument:</b>	Investment Project Financing
<b>Sector(s):</b>	Other Renewable Energy (100%)		
<b>Theme(s):</b>	Decentralization (30%), Rural services and infrastructure (70%)		
<b>Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?</b>			No
<b>Financing (In USD Million)</b>			
Total Project Cost:	32.00	Total Bank Financing:	0.00
Financing Gap:	0.00		
<b>Financing Source</b>			<b>Amount</b>
Borrower			8.00
Strategic Climate Fund Grant			8.00
Local Sources of Borrowing Country			16.00
Total			32.00
<b>Environmental Category:</b>	B - Partial Assessment		
<b>Is this a Repeater project?</b>	No		

**2. Project Development Objective(s)**

The project development objective is to promote medium and large scale biogas energy generation with private sector partnership.

**3. Project Description**

Nepal is modernizing and updating its Biogas sector which has been confined to household size digesters up to now. The new Biogas sector will support medium and large biogas digester construction and operation projects (above 12 m<sup>3</sup>) using large volumes of organic waste from commercial sources (e.g. cattle farms, poultry farms, slaughterhouses, fruit processing firms, pig farms, hotels, restaurants etc), as well as municipal sources of organic waste, and institutional sources (e.g. army barracks, police training camps, hospitals, schools, university campuses, prisons, monastery/temple complexes etc). Some community applications will also be supported, particularly those with major gender co-benefits.

Government support will be provided through NRREP and SREP in conformity with paragraph 8.3.2 of the new policy of February 2013 referenced here : [http://www.aepc.gov.np/docs/resource/rescenter/20130818060043\\_RE%20Subsidy%20Policy%202013%20-%20English.pdf](http://www.aepc.gov.np/docs/resource/rescenter/20130818060043_RE%20Subsidy%20Policy%202013%20-%20English.pdf)

SREP support will allow AEPC to invite project applicants and project developers who want to undertake large biogas development projects with local or imported technology, and who are prepared to contribute to a detailed technical and commercial study to thoroughly prepare their project. If the pre-feasibility study and the Integrity Due Diligence check is satisfactory, successful applicants will be assisted with cost-sharing consultancy support to complete a high quality detailed study on technical and commercial feasibility, and will be required to comply with the Environmental and Social Framework prepared by AEPC.

SREP supported projects will demonstrate commercial viability and sustainability, and will be able to attract private and public co-financing. Projects will be monitored on volume of biogas produced (or electricity generated), and amount of investment mobilized.

#### **4. Project location and salient physical characteristics relevant to the safeguard analysis (if known)**

N.A. Environmental Management Framework and Social Management Framework have been prepared by AEPC since the project locations are not known at present and will be determined on the basis of successful applications received from anywhere in Nepal.

#### **5. Environmental and Social Safeguards Specialists**

Drona Raj Ghimire (SASDI)

Parthapriya Ghosh (SASDS)

<b>6. Safeguard Policies</b>	<b>Triggered?</b>	<b>Explanation (Optional)</b>
Environmental Assessment OP/BP 4.01	Yes	Triggered because of potential pollutions (water, air/ odour, land) and health & safety risks.
Natural Habitats OP/BP 4.04	Yes	Bio-mass collection from forest could affect natural habitat. Possibility of water bodies pollution may not be ruled out in AEPC investments beyond the proposed project for which client intend to use the same framework. The ESMF provides the guidelines for the mitigation of impacts on Natural Habitat.
Forests OP/BP 4.36	Yes	Bio-mass collection from forest could impact forest and forest resources. The ESMF will

		provide the guidelines for the mitigation of impacts on forest.
Pest Management OP 4.09	No	Use of pesticides is not envisaged.
Physical Cultural Resources OP/ BP 4.11	Yes	Possibility of local cultural sites near the subprojects may not be ruled out. The ESMF will provide the guidelines for the mitigation of impacts on PCR.
Indigenous Peoples OP/BP 4.10	Yes	The policy has been triggered as there could be presence of indigenous community in the project area. In case indigenous community is identified during the screening process, social assessment will be carried out and VCDP will be prepared.
Involuntary Resettlement OP/BP 4.12	Yes	The policy has been triggered as there could be involuntary land taking only in the case of municipal project sponsors. In event of involuntary land taking, relocation of PAPs, or loss of livelihood, appropriate safeguard documents will be prepared in line with agreed SMF. However, the project will avoid funding sub-projects which create situations of involuntary land taking.
Safety of Dams OP/BP 4.37	No	Project does not support construction of dam or embankment.
Projects on International Waterways OP/BP 7.50	No	Unlikely to affect any international water bodies.
Projects in Disputed Areas OP/BP 7.60	No	Not located in disputed area.

## II. Key Safeguard Policy Issues and Their Management

### A. Summary of Key Safeguard Issues

<p><b>1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:</b></p> <p>Management of wastes is one of the major social and environmental issues in cities and emerging towns of Nepal. The project therefore is expected to create conducive market mechanism and deliver pilot project for municipal and commercial waste to energy. Though the exact activities under the proposed project will be identified and prioritized during the further stages of the project design and implementation, it is expected that the activities proposed are likely to be small and will not cause any significant adverse social on the community from land acquisition and resettlement. The land acquisition is highly unlikely and discouraged under the project. The key issues of concern in the management of social impacts, which will be relevant to the project, are; (i) National program's lack of focus on vulnerable community (for example, no separate plan for indigenous and other vulnerable community and limited application of vulnerable community development plan); (ii) Nepalese law do not allow assistance to squatters and encroachers for the restoration of livelihoods and replacement cost of their impacted properties; (iii) the treatment of social issues are non-exclusive (for example, social issues are subsumed under environmental</p>
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<p>screening, assessment and documentation process; and (iv) Grievance redress mechanism is non-existent at the operational level leaving the formal legal system as the only avenue available to any aggrieved person. The environmental impacts envisaged includes contamination of water bodies, air pollution, spread of disease, foul odor, occupational health &amp; safety risks, land pollution, and GHG emission. These impacts are likely to be localized around the subproject (waste to energy) activity.</p>
<p><b>2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:</b></p>
<p>Not Applicable.</p>
<p><b>3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.</b></p>
<p>Screening will carried out for every sub project. If the screening result for any sub project shows significant adverse impact such as loss of land, resettlement or loss of livelihood, such projects will not be taken up under the project.</p>
<p><b>4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.</b></p>
<p>In order to mitigate any adverse impact, project has prepared a social management framework (SMF). The framework approach was adopted since project locations will depend on successful applications through the portal from all over Nepal. The draft SMF and EMF were discussed with the potential developers and community in two rounds of consultations during October 27- 31, 2013. The feedback from the consultations was incorporated during the finalization of SMF and EMF. The SMF and EMF have been prepared assuming that in future private investments in biomass-based off-grid energy will also qualify for AEPC support (but not with SREP funding from the present project). This is beyond the requirements of the current project, which is only supporting biogas, but the learning process has been important for AEPC and for consultants who will assist investors with preparation of project proposals. The wider-than-currently-required scope of the SMF and EMF is very positive.</p> <p>Each developer, early in the subproject proposal preparation and together with technical and economic screening, prepares environmental and social screening of proposed site and activity based on the screening checklist and formats in the EMF and SMF: the screening reports will be reviewed, field verified and cleared by the Social and Environmental Officer/ focal person. Such an early stage of screening, inter alia, will be helpful in selection of better site from social and environmental considerations.</p> <p>The SMF includes Resettlement Policy Framework (RPF), a framework for Vulnerable Community Development (VCDF), gender development (GDF) and community consultation and disclosure (CCDF). The SMF also includes institutional arrangement for implementation. The SMF prepared for the project encompasses social procedures, practices, mitigation measures and analytical approaches applicable to the project. The SMF covers national and international legal frameworks that are applicable to the project, potential adverse social impacts, consultation requirement; compensation and assistance; and treatment of vulnerable community. The SMF is comprehensive in its scope with respect to the project activities and is consistent with the principles and attributes of OP/BP 4.12 on Involuntary Resettlement and OP/BP 4.10 on Indigenous Peoples.</p> <p>AEPC has prepared EMF in order to manage environmental aspects of the project. EMF has</p>

identified potential environmental impacts/ risks associated with the type of the activities envisaged under the project, and has also suggests general mitigation measures. Each subproject will have to be screened for potential risks and mitigation plan including an EMP needs to be prepared for specific condition. EMF also requires environmental monitoring during implementation by AEPC ESMF Officer as well by an independent agency.

AEPC is already implementing World Bank funded Micro Hydro project and is well aware of Bank's safeguard requirements. The recent independent evaluation of implementation of safeguard measures shows satisfactory results. The Project Coordination Unit (PCU) established within the AEPC will be responsible for the overall coordination, planning and implementation of social and community development activities, environmental oversight as well as activities proposed under SMF and EMF. AEPC has already hired an ESMF officer who will be working exclusively for the project. The ESMF Officer will provide social safeguard and environmental oversight to the project. The ESMF officer will carry out the project management functions (in accordance with the World Bank and the GON's social safeguard guidelines), and to build the capacity of the AEPC/PCU in these areas.

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

The consultations were carried out to develop community/stakeholder's ownership and support for the project, and integrate and address their concerns through suitable measures in the project design. The consultations with stakeholder on draft SMF and EMF were held in Pokhara, Bharatpur and Dolakha during October 27- 31, 2013. Major concerns expressed by the stakeholders during the consultation have been summarized in SMF.

Public consultations and information dissemination, which ensures public understanding of the project's impacts and allows the vulnerable population—including scavengers, to express their voices, have been included in the framework. The process outlined in SMF will ensure that vulnerable communities in the project areas are likely to be supported are informed, consulted, and mobilized to participate in the WTEP and/or its sub-projects, as applicable.

The public and community organizations consulted include (i) waste management services providers, waste scavengers, community people residing at the vicinity of the proposed project sites, non-governmental organizations working in municipal waste management, employee and labor organizations of the municipality etc (ii) community based organizations and local NGOs. The SMF also outlines mechanism for continued consultation during implementation of the project. EMF outlines the consultations required during the environmental screening, assessment, as well as during monitoring.

Disclosure: The safeguard documents (SMF including RPF, VCDF and GDF) and EMF were disclosed in country on December 13, 2013 and were disclosed in Bank's Infoshop on December 16, 2013. The executive summary of the safeguard documents is being translated in local language and will be disclosed in country. Hard copies of the safeguards documents have been placed at the project office. A copy will also be placed at the developer's project office and concerned municipality or VDC. During finalization of each investment, investment and site specific safeguard documents, such as an Environmental Management Plan (EMP) and RAP, if necessary, will be prepared. These safeguard documents, as and when prepared, will be disclosed in AEPC website and facility site office.

**B. Disclosure Requirements**

<b>Environmental Assessment/Audit/Management Plan/Other</b>	
Date of receipt by the Bank	13-Dec-2013
Date of submission to InfoShop	16-Dec-2013
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	
<b>"In country" Disclosure</b>	
Nepal	13-Dec-2013
<i>Comments:</i>	
<b>Resettlement Action Plan/Framework/Policy Process</b>	
Date of receipt by the Bank	13-Dec-2013
Date of submission to InfoShop	16-Dec-2013
<b>"In country" Disclosure</b>	
Nepal	13-Dec-2013
<i>Comments:</i>	
<b>Indigenous Peoples Development Plan/Framework</b>	
Date of receipt by the Bank	13-Dec-2013
Date of submission to InfoShop	16-Dec-2013
<b>"In country" Disclosure</b>	
Nepal	13-Dec-2013
<i>Comments:</i>	
<b>If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.</b>	
<b>If in-country disclosure of any of the above documents is not expected, please explain why:</b>	
EMF provides guidelines on designing mitigation measures for impact on physical cultural resources.	

**C. Compliance Monitoring Indicators at the Corporate Level**

<b>OP/BP/GP 4.01 - Environment Assessment</b>	
Does the project require a stand-alone EA (including EMP) report?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
<b>OP/BP 4.04 - Natural Habitats</b>	
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ] NA [ <input type="checkbox"/> ]
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input checked="" type="checkbox"/> ]

<b>OP/BP 4.11 - Physical Cultural Resources</b>	
Does the EA include adequate measures related to cultural property?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
<b>OP/BP 4.10 - Indigenous Peoples</b>	
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Sector Manager?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
<b>OP/BP 4.12 - Involuntary Resettlement</b>	
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
<b>OP/BP 4.36 - Forests</b>	
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input checked="" type="checkbox"/> ]
Does the project design include satisfactory measures to overcome these constraints?	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input checked="" type="checkbox"/> ]
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?	Yes [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ] NA [ <input type="checkbox"/> ]
<b>The World Bank Policy on Disclosure of Information</b>	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
<b>All Safeguard Policies</b>	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
Have costs related to safeguard policy measures been included in the project cost?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]

**III. APPROVALS**

Task Team Leader:	Name: Mohua Mukherjee	
<b><i>Approved By</i></b>		
Regional Safeguards Advisor:	Name: Francis V. Fragano (RSA)	Date: 19-Dec-2013
Sector Manager:	Name: Julia Bucknall (SM)	Date: 20-Dec-2013