

Social Monitoring Report

PUBLIC

#2 Semiannual Report (July 2023 to December 2023)
March 2024

Nepal: Nuts and Fruits in Hilly Areas Project

Prepared by Ministry of Agriculture and Livestock Development for the Asian Development Bank (ADB).

CURRENCY EQUIVALENTS

(as of 22 December 2023)

Currency unit	–	Nepalese Rupees (NRs)
NRs1.00	=	\$ 0.0075
\$1.00	=	NRs133.24

ABBREVIATION

ADB	–	Asian Development Bank
CGF	–	Credit Guarantee Fund
CGFMC	–	Credit Guarantee Fund Management Committee
CGMC	–	Competitive Grant Management Committee
CPMU	–	Central Project Management Unit
DG	–	Director General
DMF	–	Design and Monitoring Framework
DoA	–	Department of Agriculture
DoAD	–	Directorate of Agriculture Development
EMP	–	Environmental Management Plan
EMR	–	Environmental Monitoring Report
Eoi	–	Expression of Interest
FGCF	–	Farmers Groups and Cooperatives Facilitation
GAFFSP	–	Global Agriculture and Food Security Program
GESI	–	Gender Equality and Social Inclusion
GESI-AP	–	Gender and Social Inclusion Action Plan
ha	–	hectare
IA	–	Implementing Agency
IP	–	Indigenous People
IPP	–	Indigenous People's Plan
IPPF	–	Indigenous People's Plan Framework
IRM	–	Implementation Review Mission
LLCC	–	Local Level Coordination Committee
MOALD	–	Ministry of Agriculture and Livestock Development
MoF	–	Ministry of Finance
MoLMAC	–	Ministry of Land Management, Agriculture and Cooperatives
MoU	–	Memorandum of Understandings
NAFHA	–	Nuts and Fruit in Hilly Areas Project
NARC	–	Nepal Agricultural Research Council
NCFD	–	National Center for Fruit Development
NCPVSCD	–	National Center for Potato, Vegetables and Spice Crops Development
NITC	–	National Information Technology Center
PFI	–	Partner Financial Institutions
PISC	–	Project Implementation Support Consultants
PIUs	–	Project Implementation Units
PoP	–	Package of Practices
PPSC	–	Provincial Project Steering Committee
PSC	–	Project Steering Committee
SMC	–	Subsidy Management Committee
SMEs	–	Small and Micro Enterprises

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1. INTRODUCTION

1.1. Project Description

The government of Nepal is implementing the Nuts and Fruits in Hilly Areas (NAFHA) Project with assistance of a \$60 million loan and \$10 million grant from the Asian Development Bank (ADB) and \$9 million grant from the Global Agriculture and Food Security Program (GAFSP). The project will increase agricultural income of approximately 40,000 beneficiary farm households in 100 municipalities in hilly areas of five provinces – Koshi, Bagmati, Gandaki, Karnali and Sudurpashchim. The project will increase the agricultural income of beneficiary farmers in 100 municipalities in hilly areas of five out of seven provinces i.e., Koshi, Bagmati, Gandaki, Karnali, and Sudurpashchim. This will be mainly achieved by developing about 10,000 ha of climate-resilient fruit and nut orchards providing value addition to the nuts and fruits produced by about 30,000 farmer households. The project will also improve the institutional capacity for managing the nursery and horticulture sector. The project will assist about 10,000 smallholder households, which are not capable of investing in commercial fruit and nut orchard development in the project provinces, to improve their vegetable and other nutritious crop production and related marketing.

1.2. Basic Data

The Basic Data of the project is as described in Table 1.

Table 1: The Basic Data of the Project

S.N.	Particulars	Descriptions	
1	Project Details		
	Loan Number	4211-NEP(COL),	
	Grant Number(s)	0845-NEP (SF), 0846-NEP (EF)	
	Project Title:	Nuts and Fruits in Hilly Area Project (NAFHA)	
	Borrower:	Government of Nepal	
	Executing Agency:	Ministry of Agriculture and Livestock Development Singhadurbar, Kathmandu.	
	Implementing Agencies:	i)	National Center for Fruit Development, MOALD;
		ii)	Nepal Agricultural Research Council (NARC);
		iii)	Directorate of Agriculture Development, Ministry of Agriculture, Province 1;
iv)		Directorate of Agriculture Development, Ministry of Agriculture and Livestock Development, Bagmati;	
v)		Directorate of Agriculture, Development, Ministry of Land Management, Agriculture, Cooperatives and Poverty Alleviation, Gandaki;	
vi)		Directorate of Agriculture Development, Ministry of Land Management, Agriculture and Cooperatives, Karnali; and	
vii)		Directorate of Agriculture Development, Ministry of Land Management, Agriculture and Cooperatives, Sudurpashchim	
2	Approval Date:	12-Sep-22	
	Signing Date:	2-Nov-22	

S.N.	Particulars	Descriptions
	Effective Date:	2-Dec-2022
	Project closing Date	29 August 2029
	Loan and Grant Closing Dates:	28 February 2030
3	Total Project Cost:	\$93.45 million
		ADB Loan: \$60.0 million
		ADB Grant: \$10.0 million
		GAFSP Grant (ADB administered): \$ 9.0 million
		Government of Nepal: \$14.45.0 million

The project is aligned with the following impacts: (i) livelihoods of rural households improved; and (ii) resilience of farmers to climate change improved. The project will have the following outcome: beneficiary farmers' agricultural income from climate resilient horticulture farming increased. This will be achieved through improved nursery management, enhanced production and productivity in orchards, enhanced value addition and commercialization of fruits and nuts. The project will also support smallholders in the same project areas, who would not have been able to invest in commercial fruit and nut farming, to generate income through vegetable and other crop farming.

1.3. Project output

The project will have the following outputs: Output 1: Institutional capacity for nursery and horticulture sector management improved; Output 2: Production and productivity of project farmers increased; Output 3. Value addition to hilly area horticulture produce enhanced.

1.4. Project Components

1.4.1 Upgrading of Horticulture Centers (under Output 1)

The NAFHA project aims to upgrade 12 public horticulture stations/centers under NARC, Provincial governments, and National Center for Fruit Development (NCFD) as shown in Table 2. The main objective is to ensure verified quality planting materials are provided to project farmers. The project is expected to contribute to long-term capacity building of these horticulture stations/centers that can serve broader areas beyond the project's targeted crops.

Table 2: Province wise public horticulture station/center to be supported by the project

Province	Public horticulture station/center to be supported by the project
Koshi	MoLMAC, Phaplu Solukhumbu NARC, Paripatle Dhankuta
Bagmati	MoLMAC, Trishuli Bagmati NCFD Kirtipur
Gandaki	NCFD Marpha Mustang NARC Directorate of agri research NARC Malepatan Pokhara MOLMAC Pokhara NCFD Palpa station
Karnali	NARC research station Rajikot Jumla NARC Dailekh Orange
Sudurpashchim	MoLMAC Baitadi

1.4.2 Private Nursery Participation in Nursery Quality Initiative (Under Output 1)

NAFHA Project will support private nurseries in project provinces that are willing to participate in a volunteer private nursery quality control scheme. The competitively selected private nurseries will be eligible for the project, through matching grant, for investments that upgrade the quality and quantity of seedling production. The project could finance, *inter alia*, the purchase of mother plants and disease-free rootstock, the installation of insect proof shade houses, drip irrigation systems, the expansion and upgrading of seedling growth areas, etc. The scheme will be operational twice during the project implementation. The first batch will be 15 nurseries in 2024 and 25 nurseries will be supported in 2025. A total of 40 nurseries will be supported at the maximum value of \$25,000 for nursery facility expansion, enhancement, and quality control system installation as a matching grant. The project's financing of up to 50% of the investment cost would not exceed \$25,000 per nursery.

1.4.3 Enhancing Access to Rural Finance (under Output 2)

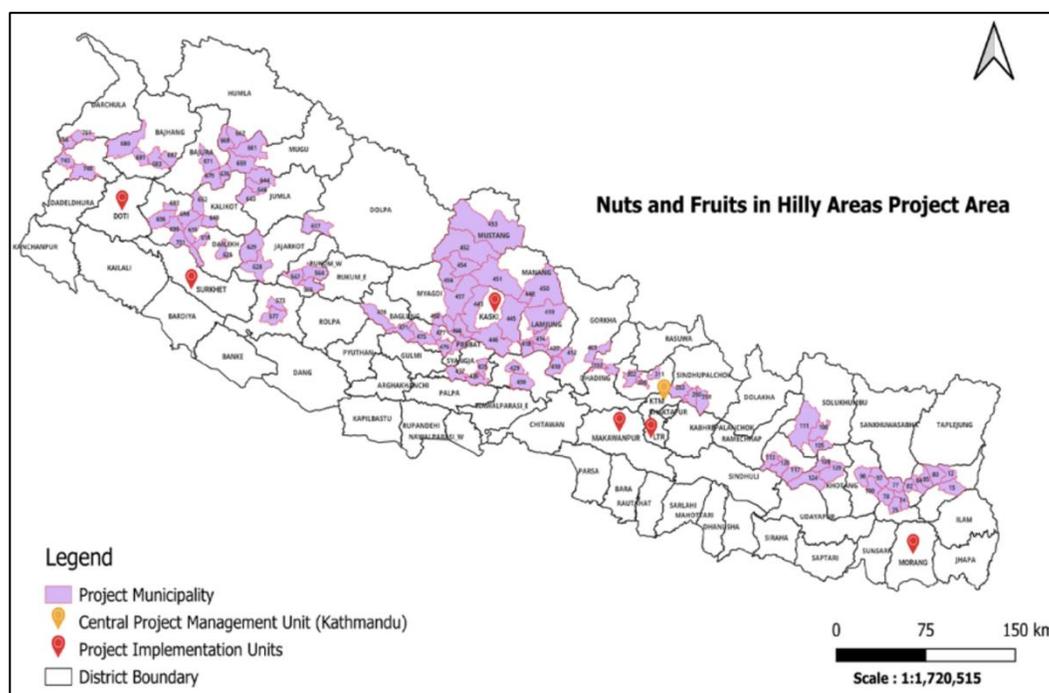
The project will establish a credit guarantee fund (CGF) for smallholder horticulture farmers who face challenges in accessing formal rural finance. The project will make time deposits of \$6 million to up to three partner financial institutions, to be released in line with the CGF agreement to be signed between partner financial institutions and the project and on the approval of the CGF management committee. This scheme aims to unlock about \$70 million of investment from beneficiaries by guaranteeing a portion of the credit risk of the project beneficiaries on a first loss basis.

1.4.4 Establishing Improved Orchards (under Output 2)

NAFHA project will establish approximately 10,000 ha of new orchards and enhance productivity; providing value addition to the nuts and fruits produced by about 30,000 farmer households. The project will also assist about 10,000 smallholder households, which are not capable of investing in commercial fruit and nut orchard establishment, to improve their vegetable and other nutritious crop production and related marketing. Table 3 describes the province wise total estimated project supported orchard in detail. Figure 1 shows the target local level of orchard establishment and vegetables and other crop production supports.

Table 3: Province wise estimated project-supported orchards

Province	Estimated project-supported orchards
Koshi	Apple 50ha, Orange 900 ha, Lime 500 ha, Avocado 300ha, Kiwi 400ha, Walnut 50ha
Bagmati	Orange 300ha, Lime 300ha, Avocado 150ha, Macadamia 300ha, Walnut 100ha
Gandaki	Apple 150ha, Orange 800ha, Lime 750ha, Avocado 150ha, Kiwi 150ha, Walnut 250ha, Macadamia 250ha
Karnali	Apple 1450 ha, Orange 350ha, Walnut 600ha, Pecan 100ha, Almond 100ha
Sudurpashchim	Apple 400ha, Orange 250ha, Lime 100ha, Walnut 600ha, Pecan 100ha, Almond 100ha

**Figure 1: Map showing the targeted local level of orchards establishment.**

1.4.5 Assessing and Verifying Carbon Sequestration (under Output 2)

The project will also explore the potential of carbon credit gain from horticulture farming in abandoned agricultural land as an additional income source. The project will conduct a study on the feasibility of accessing carbon finance from the voluntary market and the benefit-sharing mechanism and identify carbon financing from verified carbon sequestration benefits from orchards. Once the government endorses the benefit-sharing mechanism, the project will address policy gaps in voluntary carbon market access, monitor and report the verified carbon units, and develop payment indicators.

1.4.6 Developing Drip Irrigation Systems (under Output 2)

To support crop establishment and to sustain production, the project will support the development of drip irrigation systems on target orchards. The rationale for drip irrigation is based on efficiency of water use, suitability for the topography, accuracy of application and ease of operation. Pilot plots will be established in the initial project year for the purposes of demonstrating the installation and operation and maintenance of the drip systems. These plots will serve as sites for capacity building of farmers prior to the roll out of the orchard development.

1.4.7 Matching Grant Component (under Output 3)

The project will establish four competitive matching grant programs: (i) private nursery upgrading; (ii) improved cooperative value addition grant; (iii) public-private infrastructure grant; and (iv) strengthened local level infrastructure grant.

Private nursery upgrading: There will be up to 40 selected private nurseries eligible for matching grants for investments to upgrade the quality and quantity of seedling production. The matching grant will finance, *inter alia*, the purchase of mother plants and disease-free rootstock, the installation of insect proof shade houses, drip irrigation systems, the expansion and upgrading of seedling growth areas, etc. Matching grant financing of up to 50% of the investment cost would not exceed \$50,000 per nursery.

Improved cooperative value addition: Cooperatives who will participate in the project-implemented cooperative development and capacity building program and have the interest to invest in nut and fruit marketing/value addition (e.g., harvesting handling equipment, primary washing, sorting, grading machinery, packaging equipment, short-term storage, marketing) could be eligible to compete for financing, which will finance up to 50% of approved investment cost.

Public-private infrastructure: Agribusinesses and service providers interested in collaborating with cooperatives in nut and fruit value addition and market development will be eligible to compete for financing for the matching grant. Investments can include "hardware" such as infrastructure and equipment as well as "software" such as traceability and certification systems, internet-based marketing, organic production, and other services.

Strengthened local level infrastructure: The project will support local-level applications for grants for market-linked infrastructure investments that provide public good benefits essential to targeted nut and fruit value chain engagement and/or climate change adaptation at the local level. Public good infrastructure investment sub-projects would be identified and prioritized through: (i) municipality infrastructure plans; (ii) municipal-based cooperative and farmer group development needs; and (iii) local and regional agribusiness development requirements. Investments could include, *inter alia*, public utility connection for project supported investments, commodity storage, market/collection centers, farmer group orchard fencing or collective irrigation water access investments.

1.5. Physical Progress of Project Activities

For the execution of upgradation of horticulture centers, discussion with concerned horticulture centers/stations regarding requirements was completed. During this reporting period, these activities were put on hold till preparation of standard specification of high-tech structure as per the understanding with ADB to provide technical support from ADB to design and cost estimates of the high-tech structures. Later on, during IRM (held on 31 October to 10 November 2023), it was agreed to prepare design and cost estimates by concerned PIUs & CPMU and if necessary

ADB will review the design and cost estimates. Besides that, during IRM it was also agreed to reschedule the time of implementation of these activities in procurement plan. Therefore, the project is waiting to receive the approved aide memoire along with revised procurement plan. CPMU & PIUs are preparing the design and cost estimates and planning to approve by the end of Q1 2024. The land required for horticulture center/station rehabilitation and upgrade of existing service facilities will be confined within the existing boundary of government premises. No additional land will be required for these activities.

For enhancing the access of project beneficiaries (farmers, farmers group, cooperatives, firm/company) to rural finance, the project has Credit Guarantee Fund (Scheme 1). For the implementation of the credit guarantee fund (Scheme 1), ADB consultant is preparing the draft of the operational guidelines for implementation. For the implementation of the credit guarantee fund (Scheme 1), as agreed during IRM (held on 31 October to 10 November 2023) as discussed with MoF, ADB consultant is working on operational modality and draft MoU as per the project requirement to implement in coordination with Deposit Credit Guarantee Fund (DCGF). After finalization of the draft, meeting will be arranged to discuss with DCGF on the project requirement, operational modality and draft MoU.

For the establishment of fruits orchards and production of vegetables and other crops, project has submitted the draft of Scheme 2 operational guidelines for approval to MoALD through DoA. After approval of the operational guidelines from MoALD with concurrence from MoF, project is planning to start these activities by Q1 of 2024 in Batch 1 local level (Table 4) for summer plantation of citrus fruits. The targeted area for Batch 1 plantation was discussed and finalized during IRM and agreed to implement with citrus crop as scheduled in Table 5. This Scheme 2 will also support the development of drip irrigation systems on targeted orchards. Besides that, during the reporting period, project has drafted the Scheme 6 Operational Guidelines (Private Nursery Upgrading Guideline, 2024) which was discussed and agreed during IRM. The draft operational guideline has been submitted to DoA for approval from MoALD with concurrence from MoF. The first batch will be 15 nurseries in 2024 and 25 nurseries will be supported in 2025. Orchard establishment (Scheme 2), value-addition public or private infrastructure development (Scheme 3, 4, 5) will be done on private (farmer's own) or government land with no acquisition nor physical or economic displacement. The specific site of orchard development and value addition infrastructure is yet to be finalized which will be confirmed only after approval of matching grant proposals on a competitive basis. The proposal will be approved only if the beneficiary/participating farmers show evidence that the proposed land is either owned or cultivated by themselves or has lease or user right agreement and not claimed by others. The project is working on the draft of the operational guidelines for the execution of Scheme 3, 4, and 5 to execute onward 2025.

Table 4. Batch-wise project local level for fruit orchard establishment

Province	Districts	Municipalities	Batch 1	Batch 2	Batch 3	Total
Province-1	7	22	1	12	9	22
Bagmati	3	8	1	7	0	8
Gandaki	10	34	2	13	19	34
Karnali	9	20	1	9	10	20
Sudurpaschim	5	16	1	7	8	16
	34	100	6	48	46	100

Table 5. Batch-1 summer plantation (June/July 2024) schedule for citrus fruit orchard establishment (area in ha)

Targeted Crop	Batch-1 Area for Citrus	1 st call (June/July 2024)	No of saplings	2 nd call (June/July 2025)	No of saplings	3 rd call (June/July 2026)	No of saplings
Lime	70	30	18750	20	12500	20	12500
Orange	160	70	28000	50	20000	40	16000

Implementation of establishment of pilot irrigation demonstration plots is not started yet and plan to execute in 2024 and 2025. Project will prepare and approve the operational guidelines by 2024 from MoALD after receiving concurrence from MoF. Due consideration will be given to ensure social safeguard during guideline preparation and implementation.

Till the reporting period, the system of assessing and verifying carbon sequestration benefits from orchards is not yet established. It will be started after the fruit orchard establishment during implementation of Scheme 2.

Implementation of pilot irrigation demonstration plot activities have not started yet and planned to start these activities in Batch 1 summer plantation in 2024.

For the establishment of crop and land database management system, Pathway has developed and tested the app at Tadi of Nuwakot, and Solu Dudhkunda of Solukhumbu, Sinja of Jumla and Dasharathchand of Baitadi districts. During IRM discussion with Pathway's developed app was done and received feedback for the improvement on the system. As per discussion in IRM letter issued by CPMU issued the letter to NITC for cloud space request.

Under the activities Nursery standards, regulations and inspection system establishment project is preparing the sapling standards for project nurseries and other nurseries (voluntary basis) and planned to be approved by the end of Q1 2024.

Research on phenological characterization of Fuji, Gala and Red Delicious varieties of Apple used in high density planting in Jumla; characterization of elite varieties of Walnut (Hartley, Ashley and Payne); Characterization of Macadamia nut plants and molecular characters ongoing under NARC PIU,

Till the reporting period, submission 1 has been approved for the procurement of Project Implementation Support Consultant (PISC) and RFP was issued on 29 December 2023 (conditionally to MDT-TMS JV in association with NFAC due to change in the name of lead firm *i.e.* MDT). It was delayed due to delay in approval of EoI shortlisting process.

There are 5 procurement package (CS 05 A-E) under Farmer groups and cooperatives facilitation consultation which has to be implemented by provincial PIUs. Implementation status till the reporting period is as follows:

- CS05 A: EoI called on 28 November 2023, 17 EoI received, EoI evaluation ongoing
- CS05 B: Submission zero approved, EoI call on 10 December 2023
- CS05 C: EoI Evaluation completed, Out of 20 EoIs received, 6 were shortlisted, RFP issued on 24 December 2023
- CS05 D: EOI called on 19 September, EoI Evaluation completed, out of 20 EoIs received

- 6 were shortlisted
- CS05 E: Submission zero approved, Preparing for Eol call

2. OBJECTIVES AND SCOPE OF MONITORING REPORT

2.1. Objectives of monitoring report

The general objective of preparing this report is to provide status related to implementation of social safeguard in Nuts and fruits in Hilly Areas Project. The specific objective of the report is to identify social safeguards issues and gaps and recommend corrective measures, if existed, as per ADB Safeguard Policy Statement, 2009 and country regulatory framework and acts.

2.2. Scope and Monitoring Requirements

Project is at very initial stage of implementation and working on draft preparation for field level implementation. The Project is categorized as C for involuntary resettlement and category B for indigenous people safeguards in accordance with ADB's Safeguard Policy Statement 2009 (SPS). The project requires to submit semi-annual social monitoring report as specified in the project documents.

This report summarizes the social safeguard compliance and monitoring for the period July - December 2023. Project is being implemented in accordance with the objectives set forth in the project documents, without any deviations. Similarly, the proposed implementation arrangements are in place and functioning well, as desired and envisaged in the project document. This report presents project background and its components, project's progress in terms of social safeguard, and institutional arrangements.

2.3. Scope of Monitoring

Monitoring is a major part of social safeguard compliance to ensure that its goals are met. PIUs has been preparing quarterly progress reports. The CPMU consolidates their reports to develop them into a semiannual monitoring report and then it is submitted to ADB. Project Implementation Support Consultants is yet to be in place due to delay in the procurement process.

The scope of monitoring is overall tracking of activities, planning, implementation, and monitoring of the project outputs to ensure compliance with IP safeguard requirements as specified in sub-project selection criteria, IPPF, and SPS IR3 requirements. This report also explains the status of grievance resolution, issues raised, and effectiveness of grievance redress mechanism. The scope of SMR is to:

- document the status and progress on the IPP for each of the project components;
- report safeguards activities starting from loan effectiveness until the end of the project;
- ensure that project investments comply with applicable national laws and regulations related to social safeguards;
- ensure that project investments comply with the covenants related to the safeguards
- document any grievances from affected people and resolutions thereof;
- document any public consultations during the reporting period.

3. CONSULTATION, PARTICIPATION AND DISCLOSURE

Scheme 2, Scheme 6, GRM guidelines and sapling standards were drafted by the project and consultation meeting were carried throughout the preparation process at various level. The draft

document was shared with local levels, project provinces, DoA, MoALD and other relevant stakeholders. CPMU organized one project central level inception and 5 provincial level orientation by sharing the project related information. Besides, the project orientation at project local levels are ongoing. Government organizations from three tier, private sectors (AEC, FNCCI), farmers' representatives and other relevant stakeholder were the participants of inception and orientation workshop. Local level orientations are ongoing. Project information was disclosed on NCFD website under "NAFHA Project" subheading. Project information was also disseminated through brochures, leaflets, and a diary. After establishment of project website and MIS, all the information will be disclosed on project website and thorough other applicable medium to the affected community.

4. CHANGES IN PROJECT SCOPE AND ADJUSTED SAFEGUARD MEASURES

There has been some adjustments in the project scope (i.e. CW01 A package which includes NCFD office expansion and upgradation of horticulture center, Marpha, Mustang). Bid was issued for the CW01 A package and received 2 bids; both were non-compliant with procurement requirements. Based on the consultation with MoALD, NCFD and National Center for Potato, Vegetables and Spice Crops Development (NCPVSCD), project decided to utilize eight rooms at the ground floor of NCFD office complex previously used by NCFD and NCPVSCD for CPMU office use. So, the project recommended to drop the activity of NCFD office expansion and repackage the CW01 A to include horticulture center upgrade at Marpha, Mustang only with letter of request dated on 18 June 2023 about CW01 A repackaging. However, the safeguards requirements will remain the same despite these changes. The original plan was to construct buildings inside the premises of these offices and revised activities will be undertaken within the same premises and existing building. During IRM it was agreed to revise this procurement package and implementation timeline. Aide memoire yet to be received from ADB.

5. MONITORING PARAMETERS/INDICATORS AND METHODS

Though the project has been implemented since December 2022, field level execution has not been started yet. Drafting of operational guidelines on Scheme 2, Scheme 6 and GRM is ongoing. After approval of operational guidelines, implementation of project component will be executed at field level. Due consideration has been given in sub-project selection criteria setting and included the provision of screening checklist for potential social impact assessment of the sub project and project component. LLCC, SMC and CGMC will be responsible for the screening of the checklist as per the provisioning in Operational Guidelines of Scheme 2 and 6. While developing evaluation criteria for sub-project selection, priority has been given to indigenous people and women. Once the guidelines are approved the provisioning on social safeguard issues related to indigenous peoples and land acquisition will be strictly followed by the project during implementation. Indigenous Peoples Plan (IPP) will be prepared as specified in the project document if project activities are found to affect indigenous peoples.

6. COMPLIANCE WITH COVENANTS

Project has been striving to adhere and meet all the Social Covenants stipulated in the Project Documents. Table 6 summarizes the status of the compliance with loan and grant covenants of the project.

Table 6: Status of compliance with loan and grant covenants.

S.N.	Covenant	Key requirements	Status of Compliance	Remarks
1	Conditions for Award of Contract	The Borrower shall not award any Works or Non-consulting Services contract which involves impacts on indigenous peoples until the Borrower has prepared and submitted to ADB the final IPP and obtained ADB's clearance of such IPP.	Being complied	<p>No contracts have been awarded for orchard establishment yet.</p> <p>Draft Operational guidelines for Scheme 2 submitted for approval to MoALD through DoA</p> <p>Provisions are included in draft Schemes implementation guidelines</p> <p>Indigenous Peoples Plan (IPP) will be prepared as specified in the project document if project activities are found to affect indigenous peoples</p>
2	Land Acquisition and Involuntary Resettlement	The Borrower shall ensure that the Project does not have any land acquisition or involuntary resettlement impacts, within the meaning of the SPS. In the event that the Project does have any such impact, the Borrower shall take all steps required to ensure that the Project complies with the applicable laws and regulations of the Borrower and with the SPS.	Being complied	<p>Draft Operational guidelines for Scheme 2 and Scheme 6 submitted for approval to MoALD through DoA</p> <p>Provisions are included in draft Schemes implementation guidelines</p> <p>The land required for horticulture center/station rehabilitation and upgrade of existing service facilities will be confined within the existing boundary of government premises. No additional land will be required for these activities.</p> <p>The project will consider the proposal only if the beneficiary/participating</p>

S.N.	Covenant	Key requirements	Status of Compliance	Remarks
				farmers show evidence that the proposed land is either owned or cultivated by themselves or has lease or user right agreement and not claimed by others
3	Indigenous Peoples	The Borrower shall ensure that the preparation, design, construction, implementation and operation of the Project and all Project Facilities comply with (a) all applicable laws and regulations of the Borrower relating to indigenous peoples; (b) the Indigenous Peoples Safeguards; and (c) all measures and requirements set forth in the IPP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.	Being complied	Draft Operational guidelines for Scheme 2 and Scheme 6 submitted for approval to MoALD through DoA Provisions are included in draft Schemes implementation guidelines
4	Human and Financial Resources to Implement Safeguards Requirements	The Borrower shall make available necessary budgetary and human resources to fully implement the EMP and the IPP.	Being complied	The borrower assigned project personnel and additional consultant is under procurement for impact assessment and field monitoring.
5	Safeguards — Related Provisions in Bidding Documents and Works Contracts	The Borrower shall ensure that all bidding documents and contracts for Works contain provisions that require contractors to: (a) comply with the measures relevant to the contractor set forth in the IEE, the EMP, and the IPP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set forth in a Safeguards Monitoring Report; (b) make available a budget for all such environmental and social measures as described in subparagraph (a) above; (c) provide the Borrower with a written notice of any unanticipated environmental,	Being complied	Provisions are included in Bid document of CW 01 Project ensures the inclusion of provisions in others bid documents and work contracts too.

S.N.	Covenant	Key requirements	Status of Compliance	Remarks
		<p>resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP or the IPP;</p> <p>(d)adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and</p> <p>(e)reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction.</p>		
6	Safeguards Monitoring and Reporting	<p>The Borrower shall do the following:</p> <p>(a) submit semi-annual Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to affected persons promptly upon submission;</p> <p>(b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, or the IPP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and</p> <p>(c) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP or the IPP promptly after becoming aware of the breach.</p>	Being complied with delay.	<p>There was a delay in submission of first social monitoring report. The preparation of the first SMR took longer than expected due to the unavailability of personnel to work on the report.</p> <p>The second report has been submitted after clearance of the first report.</p>
7	Grievance Redress Mechanism	Within 3 months after the Effective Date, the Borrower shall prepare a grievance redress mechanism, acceptable to ADB, and	Not complied	<ul style="list-style-type: none"> • Grievance handling focal point is appointed in the project. • CPMU is finalizing the draft GRM guideline

S.N.	Covenant	Key requirements	Status of Compliance	Remarks
		<p>establish a grievance redress mechanism committee to receive and resolve complaints/grievances or act upon reports from stakeholders on misuse of funds and other irregularities, including grievances due to resettlement (if any). The grievance redress mechanism committee shall (a) make public the existence of the grievance redress mechanism; (b) review and address grievances of stakeholders of the Project, in relation to the Project, any of the service providers, or any person responsible for carrying out any aspect of the Project; and (c) proactively and constructively respond to such grievances.</p>		<p>and will be sent to MoALD for approval by April 2024</p> <ul style="list-style-type: none"> Project will continue to establish GRC and ensure that CRC will be formed before the contract award.

7. INSTITUTIONAL ARRANGEMENT

The MOALD is the executing agency of the project. The executing agency is responsible for overall coordination, implementation, and monitoring of the project activity including safeguard compliance. There are seven implementing agencies in the project. The CPMU has overall responsibility for social safeguards by monitoring and ensuring compliance with ADB's SPS 2009, government requirements, and other related requirements as specified in project documents particularly safeguards monitoring reports and tender document, address safeguards issues from affected people following the grievance redress mechanisms established in the project; consolidate project's safeguard monitoring results updated by PIUs, and provide consolidated input to the project progress and safeguard monitoring reports; and submit semi-annual social monitoring reports to ADB.

The project has applied a systematic monitoring mechanism for social safeguard. Internal monitoring has been applied through CPMU and PIUs supported by various consulting agencies (PISC and FGCF). A safeguard focal officer is designated in CPMU.

Project has to be supported by the safeguard specialist procured under the Project Implementation Support Consultant through CS06 package. Beside that Each PIU will also be supported by social safeguard specialists and community mobilizers to conduct safeguard impact screening, preparing due diligence report and/or indigenous peoples plan if needed. Till the reporting period, due to delay in the approval of shortlisting of EOIs and issuance of RFPs consultants hiring process under CS 06 package is not completed. Till the reporting period, submission 1 has been approved for the procurement of Project Implementation Support Consultant (PISC) and RFP issued on 29th December 2023 (conditionally to MDT-TMS JV in association with NFAC due to change in the name of lead firm *i.e.* MDT). Due to the delay on

procurement of project consultant, the project has assigned the senior agri-economist for safeguard monitoring report preparation.

8. GRIEVANCE REDRESS MECHANISM (GRM)

Project is at very initial stage of implementation and yet not implemented at field level. Project will give due consideration to follow the provisions made in project documents. CPMU is finalizing the draft GRM guideline and will sent to MoALD for approval by April 2024. The project will establish and maintain a grievance redress mechanism (GRM) at three tiers of project implementation (local level, provincial level and central level) to support the social and environmental safeguards of the project. Till the reporting period the GRC was not formally established. It will be effective only after the approval of GRM guideline. Till the reporting period, any grievances have not been recorded in the project area. Project will ensure the representation of women and disadvantaged groups along with representative from the affected community (if applicable) in GRC and GRC will be formed before the Contract award. A project specific GRM will be established to receive, evaluate, and facilitate resolution of.

9. KEY ISSUES AND RECOMMENDED ACTIONS

Following are the key issues related to safeguard monitoring and implementation as stated in Table7.

Table 7: Safeguard Monitoring and Implementation

S.N.	Major Issues	Recommended action	Responsibility	Remarks
1	Capacity development of staffs	Orientation and training of project staffs on Social and Safeguard monitoring and reporting	CPMU	ADB will be requested to provide support
2	CPMU staff assignment	Deputation of the Agri Engineer at CPMU	MOALD	Staff assigned on 29th January 2023 Senior Horticulture Development Officer assigned during the reporting period, but the Agri-Engineer was not deputed till the reporting period. Deputation of Agri-Engineer is very crucial for the execution of civil works of the project
3	Assigned human resource with dual responsibility in provincial PIUs	Assign human resources in single responsibility at PIUs	Provincial Agriculture Ministry	Requested to provincial agriculture Ministry for the arrangement of human resources with single responsibility in PIUs only
4	Delay in establishment of GRM and GRCs	Finalize GRM guideline and form GRCs	MoALD, CPMU and PIUs	CPMU is finalizing the draft GRM guideline and will be sent to MoALD for approval by April 2024.

10. FOCUS OF NEXT REPORTING PERIOD

- Finalization of GRM guideline and formation of GRC
- Grant proposal selection and screening of scheme
- Mobilization of safeguard consultant and orientation