

Social Monitoring Report

PUBLIC

#4 Semiannual Report (July 2024 to December 2024)
February 2025

Nepal: Nuts and Fruits in Hilly Areas Project

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

CURRENCY EQUIVALENTS

(Base rate adopted during project agreement)

| | | |
|---------------|---|-----------------------|
| Currency unit | – | Nepalese Rupees (NRs) |
| NRs1.00 | = | \$ 0.0084 |
| \$1.00 | = | NRs119 (base rate) |

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 |
| DCGF | _Deposit and Credit Guarantee Fund |
| 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 |
| GAFSP | –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 |
| 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 |
| NoL | –No Objection Letter |
| 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 |
| SMR | –Social Monitoring Report |
| SPS | –ADB Safeguard Policy Statement (2009) |
| TA | –Technical Assistance |
| TASF | –Technical Assistance Special Fund |
| ToR | –Terms of References |

{WEIGHTS AND MEASURES}

ha (Hectare) – 1 hectare is equivalent to 10000 m² area

NOTES

- (i) The fiscal year (FY) of the Government of Nepal and its agencies ends on 15 July. FY before a calendar year denotes the year in which the fiscal year ends, e.g., FY 2023 ends on 15 July 2023.
- (ii) In this report, "\$" refers to US dollars.

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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 US\$60 million loan and US\$10 million grant from the Asian Development Bank (ADB) and US\$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 province 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, Koshi; |
| 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 | 29th August 2029 |
| 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 |
| 4 | Original and revised ADB loan closing date and elapsed loan period based on original and revised (if applicable) loan/grant closing dates | Original loan/grant closing date: 28 Feb 2030 Elapsed loan period: 2.1 years Loan closing date not revised yet |
| 5 | Date of last ADB review mission | Inception Mission: 12-Dec-2023 to 18-Dec-2022 Implementation Review Mission: 31-Nov-2023 to 22-Dec-2023 Implementation Review Mission: 02-Sep-2024 to 08-Oct-2024 |

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, Lumle NARC, Malepatan, Pokhara MOLMAC, Pokhara NCFD, Palpa Farm |
| 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 provides support to 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 provides subsidy to establish 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 also assists 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 |

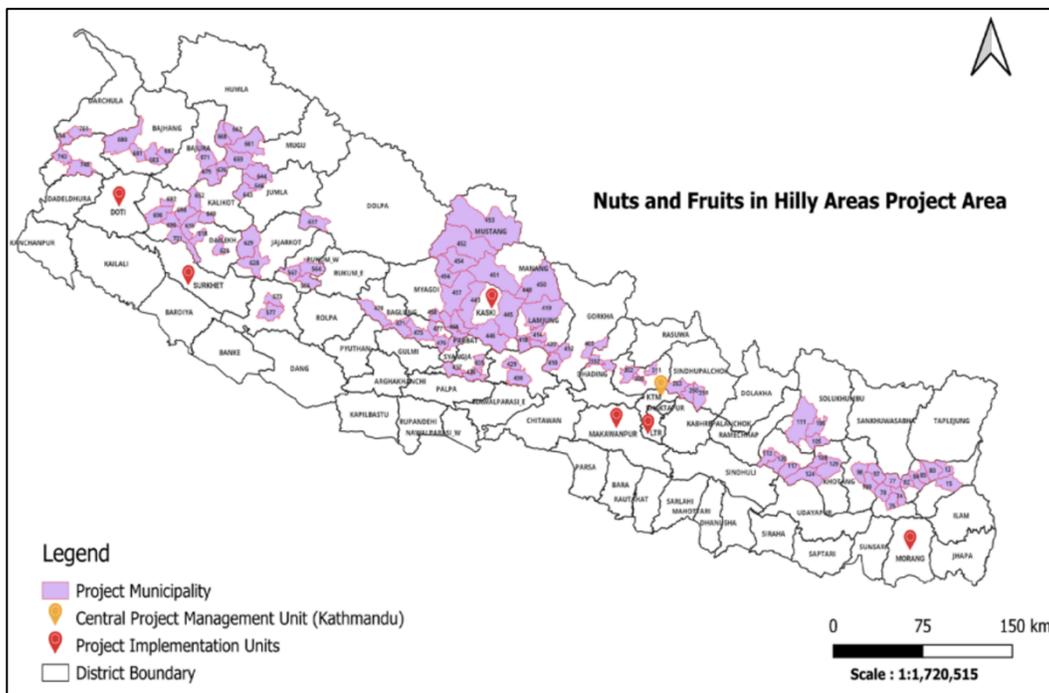


Figure 1: Map showing the targeted local level of orchards establishment.

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

Upgrading of Horticulture Centers (Output 1): These activities were on hold till preparation of standard specification of high-tech structure as per the understanding with ADB to provide technical support to design and prepare cost estimates of the high-tech structures. Later on, during IRM (held on 31 Oct to 22 Nov 2023), it was agreed to prepare design and cost estimates by concerned PIUs & CPMU and ADB will review the design and cost estimates as needed. Besides that, during IRM it was also agreed to reschedule the time of implementation and

breaking of packages into civil work and nursery structure as these were in the same package in procurement plan and revised procurement plan was received on 27 June 2024.

During the IRM (2 Sep-8 Oct 2024) regarding high-tech nursery, it was agreed to provide design support by ADB by engaging the high-tech nursery design expert(s) under the ADB TA by Oct 2024. However, later on, as agreed with ADB team, CPMU submitted the gaps and technology required in high-tech nursery specific to temperate fruits (Apple and walnut) and sub-tropical fruits (Citrus, Avocado, Macadamia nut, Pecan). Based on the requirement, ADB will hire the expert and till the design is finalized, CW01-AB package will be on hold for implementation. For other package (CW05-B, CW06, CW07-B, and CW08-B), concerned PIU in coordination with CPMU will prepare the design and cost estimates on the basis of design prepared by NARC PIU for CW02 package and will initiate the procurement process as provisioned in procurement plan.

For CW01-AA package, CPMU requested ADB's no objection to the issuance of the bid documents for civil works on horticulture center upgrade under NCFD Marpha on 6 June, 2024 and NoL received on 11 July, 2024. NCFD Marpha (CW01-AA) package was advertised on 1 September 2024. Two bids were received through e-GP. Technical bid evaluated by bid evaluation committee and both were found non-responsive. TBER submitted to ADB for review and concurrence on 30 Oct 2024. No objection letter received with suggestion to include in bid document for re-bidding. On the basis of comments bid document was updated and received NoL from ADB on 9 Jan 2025. Notice for re-bidding through e-GP issued on 17 Jan 2025.

For CW02 package (Horticulture center/station upgrade– NARC Horticulture Research Station, Malepatan; and Directorate of Agriculture Research, Lumle, Gandaki) of structure along with bid documents were sent to ADB for review on 16 Jan 2025 and received NoL with comments on 23 Jan 2025. Bid document revised as per the comments and will very shortly publish the bid through e-GP.

For CW07-A package (Horticulture center/station upgrade– Nuwakot, Bagmati) draft bid document submitted to ADB on 2 Dec 2024 for review and no objection by PIU Bagmati. NoL with comments received on 9 Jan 2025. Bid document revised as per the comments and will very shortly publish the bid through e-GP.

For CW08-A package (Horticulture center/station upgrade– Malepatan, Pokhara), PIU Gandaki submitted the bid document for review to ADB on 2 Oct 2024 and received NoL with comments on 16 Oct 2024. Bid published through e-GP and 9 bids received. Out of 9, one bid was technically responsive as per TBER. TBER sent to ADB for review on 24 Dec 2024 and, NOL received on 15th January 2025. The financial proposal is yet to be opened.

The land required for horticulture center/station rehabilitation and upgrade of existing service facilities will be confined within existing boundary of government premises. So, no additional land acquisition will be required for these activities. As per the provision in project document, due diligence report will be prepared and submitted for ADB's approval before awarding the contract. Project has included the EMP and EMoP for the CW01-AA, CW02, CW07-A and CW08-A packages for upgradation of horticulture farm/centers as provisioned in Initial Environmental Examination (IEE) report of the project and will ensure the incorporation of EMP and EMoP into the bidding documents of remaining CW packages too.

Private Nursery Participation in Nursery Quality Initiative (Under Output 1): During the reporting period, under the activities Nursery standards, regulations and inspection system establishment, a Technical Guidance on Production and Management of fruit plants for project nurseries and other nurseries (voluntary basis), has been approved by MoALD on 18 Sep 2024. In accordance with the provision of approved technical guidance, notice was published by all provincial PIUs for the private nurseries to be listed who are willing to supply the saplings according to the specified standards for the fruit orchard to be established under Scheme 2 of the project. All received application will be screened and shortlisted and private nursery will be inspected by the assigned technician and will do technical audit of the nursery and recommend the quality sapling available in that nursery. For this purpose, two trainings on nursery inspection (technical audit) has been conducted on 5 Jan -10 Jan 2025. Altogether 46 government officials having minimum qualification of B.SC. Agriculture from PIUs, project farm/centers and district agriculture offices of 6 provinces were trained for nursery inspection (technical audit). Out of total 48 participants 25 (52%) were women and DAG staffs.

The Seed Regulations, 2081 which provisions for the development of nursery standards, was approved on 8 October 2024. The regulations also provides the legal basis for the development of the federal nursery standards. A subcommittee was formed to draft the federal nursery standards. The draft will then be reviewed by the technical committee under the Seed Quality Control Center and finally be approved by the Seed Board.

Enhancing Access to Rural Finance (under Output 2): For enhancing the access of project beneficiaries (farmers, farmers group, cooperatives, firm/company) to rural finance, the project has provisioning of Credit Guarantee Fund (Scheme 1) but still not established yet. As discussed during first IRM held on 31 Oct to 10 Nov 2023 to include Deposit and Credit Guarantee Fund (DCGF) as an implementing agency for CGF; it was agreed by MoF to onboard DCGF as an implementing entity of the project during second IRM held on 2 Sep to 8 Oct 2024. Based on the aide memoire of second IRM, due diligence process for DCGF is ongoing. The CGF operational guidelines has been drafted. Once the due diligence process completed by ADB-NRM, the feedback on the draft CGF operation guideline will be collected by organizing a workshop with potential partnering financial institutions and other stakeholders. Based on feedback received guideline will be approved through due process. The reason for delay on CGF implementation is basically due to dilemma on operational modality and longer time taken for due diligence process than the expected.

Establishing Improved Orchards (under Output 2)

For the establishment of fruits orchards and production of vegetables and other crops, Scheme 2 operational guidelines has been approved by MoALD on 21 April 2024 with concurrence from MoF. The provincial batchwise local level detail is as stated in Table 4. After approval of the operational guidelines of Scheme 2, during first call for orchard establishment on 6 project local level of batch 1 altogether 128 applications from framer groups, co-operatives and agri-entrepreneurs for 207.17 ha received. After evaluation by Local Level Coordination Committee (LLCC) and final approval of Provincial Subsidy Management Committee (SMC) (SMC) only 40 applications for 55.52 ha were contracted for lime and mandarin orchard establishment under batch 1. Till the reporting period, 21.3 hac of orchard has been established by 30 beneficiaries and remaining were completed in Q2 2025 (Table 6).

Similarly, second call for orchard establishment for batch 1 and first call for batch 2 local level published during the reporting period and received 1138 application, proposing 1914.0125 ha from 54 local level (Table 5). Evaluation of application by (LLCC) and Provincial Subsidy Management Committee (SMC) is ongoing and will be completed and contracted by Q1 2025.

This Scheme 2 will also support the development of drip irrigation systems on targeted orchards. Availability of quality sapling and varietal registration are the main problem for orchard establishment. To overcome this situation varietal registration process have been initiated and submitted the proposal to SQCC for apple-4, walnut-2, macadamia-1, mandarin-2, sweet orange-4, lime-1 and avocado-3.

Due consideration has been given to ensure social safeguard during and 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). Till the reporting period, involuntary resettlement related issues were not found yet. Social Impact Screening checklist and Environmental Screening Checklist for applicants (farmers, farmers' group, cooperatives and private nurseries) were included in approved guideline of Scheme 2 and Scheme 6. The proposal has been approved only if the beneficiary/participating farmers shows evidence that the proposed land is either owned or cultivated by themselves or has lease or user right agreement and not claimed by others. Involuntary resettlement due diligence was the part of proposal screening selection criteria. None of the subproject selected have negative social impact on indigenous people. If any social safeguard related issues were found based on due diligence report, Indigenous People Plan (IPP) will be prepared and executed as per the provision in project IPPF document.

Table 4. Batch-wise Project Local Level for Fruit Orchard Establishment.

| Province | Districts | Municipalities | Batch 1 | Batch 2 | Batch 3 | Total |
|--------------|-----------|----------------|---------|---------|---------|-------|
| Koshi | 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 |
| Total | 34 | 100 | 6 | 48 | 46 | 100 |

Table 5: Details of Batch-1 and Batch 2 (Second Call) Plantation.

| Province | No of Batch 1 and Batch 2 local level | Number of applicants | Area (Hectare) |
|--------------|---------------------------------------|----------------------|----------------|
| Koshi | 13 | 443 | 771.3805 |
| Bagmati | 8 | 116 | 149.35 |
| Gandaki | 15 | 167 | 231.84 |
| Karnali | 10 | 264 | 620 |
| Sudurpaschim | 8 | 148 | 141.442 |
| Total | 54 | 1138 | 1914.0125 |

Table 6: Details of Batch-1 First Call plantation and Beneficiaries.

| Project Local Level | Contracted | | | | Participation | | | | Established orchard | | |
|---------------------|------------|--------------|-----------|-------------|---------------|------------|-----------|-----------|---------------------|-----------|-------------|
| | Crop | Area (Ha) | Applicant | Beneficiary | Women | Male | Janajati | Dalit | Area (Ha) | Applicant | Beneficiary |
| Dhankuta | Mandarin | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 |
| | Acid Lime | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 |
| Gajuri | Acid Lime | 13.07 | 8 | 13 | 5 | 8 | 11 | 0 | 10 | 5 | 10 |
| Pokhara and Jaljala | Mandarin | 22.1 | 17 | 106 | 53 | 53 | 13 | 2 | 1 | 1 | 4 |
| | Acid Lime | 12.35 | 9 | 165 | 87 | 78 | 20 | 12 | 2.3 | 2 | 8 |
| Narayan | Mandarin | 1 | 1 | 5 | 3 | 2 | 1 | 0 | 1 | 1 | 5 |
| | Acid Lime | 2 | 2 | 9 | 4 | 5 | 0 | 0 | 2 | 1 | 5 |
| Dashrathchand | Mandarin | 5 | 3 | | | | | | 5 | 3 | |
| Total | | 55.52 | 40 | 298 | 152 | 146 | 45 | 14 | 21.3 | 13 | 32 |

Assessing and Verifying Carbon Sequestration (under Output 2): 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 but preparatory work will start after Q2 2025.

Developing Drip Irrigation Systems (under Output 2): Pilot demonstration for drip irrigation will be implemented in Q1-Q2 of 2025 and will be established in Lead Farmers orchard after selection of Lead farmer. Besides that, drip irrigation infrastructure will be installed in fruit orchard too under Scheme 2, which is ongoing. Till the reporting period, micro irrigation facilities established in fruit orchard of 21.3 ha. of 30 beneficiaries under Batch 1 plantation. Out of 30 beneficiaries 22 were male, 8 (27%) were female, and 18 (60%) represent the DAG communities.

Private nursery upgrading: During the reporting period project has received concurrence on the Scheme 6 Operational Guidelines (Private Nursery Upgradation Guideline, 2024) from MoF and guidelines have been approved by MoALD on 18 Sep 2024. After approval of guideline, CPMU published the notice call for the application from private nursery partnership on 14 Nov 2024 and extended for 15 days on 14 Dec 2024 due to limited application received. Till end date by 29 Dec 2024 of the call 76 application were received. Competitive grant management formed a subcommittee for prescreening of application and prescreening in ongoing.

The operational guidelines for Schemes 3, 4, and 5—Improved Cooperative Value Addition, Public-Private Infrastructure, and Strengthened Local Level Infrastructure—have been drafted as a single consolidated guideline. The project plans to implement these schemes starting in Q3 2025, with the guideline expected to be approved by Q2 2025 following concurrence from the MoF. Value-addition public or private infrastructure development (Scheme 3, 4, 5) will be done on private own (for scheme 3 and 4) or government land (for scheme 5) with no acquisition nor physical or economic displacement. The specific site of 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 shows evidence that the proposed land is either owned or cultivated by themselves or has lease or user right agreement and not claimed by others.

Preparation of Guidelines: Till the reporting period, operational guidelines for Scheme 2, Scheme 6, Lead Farmers Mobilization, and Technical Guidance on Production and Management of Fruit plants for Project Nurseries & Other Nurseries (voluntary basis) and Lead Farmers' Mobilization Guidelines were approved from MoALD with concurrence from MoF. Consultation meetings were carried throughout the preparation process of all approved and drafted guidelines at various level and shared the draft documents with local levels, project provinces, DoA, MoALD and other relevant stakeholders.

Crop and land Database Management System: 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 second IRM (2 Sep-8 Oct 2024) discussion with Pathway's developed app was done and received feedbacks for the improvement on the system. NITC has allocated 1024 GB cloud space for project (letter received on 7 May 2024) and the space will be increased as per the VM usages. During reporting period, one day training was organized for 15 participants including farmers group facilitators of batch 1 and PIUs staffs to capacitate on the data entry and operate the system developed by pathway.

Research on phenological characterization: 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. NARC submitted phenological characterization reports for selective crops to CPMU on 29 February 2024. Continuous study on characterization is ongoing.

Capacity building of government staffs (under Output 1): Capacity building training cum exposure visit program was held in Himanchal Pradesh and Delhi of India from 9 July to 17 July 2024 for 21 staffs from CPMU, PIUs, NCFD, NCFD farms, DoA, MoALD, project provincial ministries and project provincial farms. Out of 21 staffs 6 (28.6%) were women and DAG staffs. Similarly, Capacity building through exposure visit program was held in Thailand from 13 July to 19 July 2024 for 28 staffs from CPMU, PIUs, NCFD, DoA, MoALD, project provincial ministries and project provincial farms. Out of 28 staffs 9 (32.14%) were women and DAG staffs. Altogether out of 97 participants 40 (41.24%) were women and DAG staffs.

Training on Nursery Inspection (Technical Audit) was conducted on 5 Jan -10 Jan 2025. Altogether 46 government officials having minimum qualification of B.SC. Agriculture from PIUs, project farm/centers and district agriculture offices of 6 provinces. Out of 48 participants 25 (52%) were women and DAG staffs.

Pest Risk Analysis of Project Targeted Crops: Under the output 1 and output 2 of the project, import of the saplings of project targeted crops as germplasm and planting materials for commercial orchard establishment seems necessary. As per the provisions of the Plant Quarantine and Protection Act, 2064 and Plant Quarantine and Protection Regulation, 2066 of Nepal, Pest Risk Analysis (PRA) is mandatory for introduction of any potential carriers of the pests into the country. In this context, consulting package CS08 aims to support the National Plant Protection Organization (NPPO)/Plant Quarantine and Pesticide Management Center (PQPMC) to conduct the Pest Risk Analysis of the project targeted fruit crops. Individual consultants will be recruited to prepare the complete PRA documents of six project targeted crops (Walnut, Kiwi, Macadamia, Pecan, Almond and Avocado) in prescribed formats of NPPO-Nepal/PQPMC. Furthermore, the consultant will prepare the importing requirements of apple saplings based on the previously conducted PRA by NPPO Nepal and the detailed potential quarantine pest list for PRA of Apple, Mandarin, Sweet orange and Acid lime. Under this package, two key experts; one

team leader/plant pathologist, one Entomologist and six non- key experts; two plant pathology related, two entomologies related, one weed science related and one agriculture economics related will be recruited. During the reporting period the ToR and cost estimates have been approved and consultant selection notice will be published very shortly through CMS of ADB.

Package of Practices (PoP) Development of Project Fruit Crops: CS02-AA procurement package is provisioned in PP of the project for the preparation and dissemination of improved and climate smart Package of Practices (PoPs) of project targeted fruit crops (Avocado, Almond, Apple (including high density planting), Citrus (Sweet orange, Mandarin, Lime), Kiwi, Macadamia nut, Pecan and Walnut) and its training manuals for trainers and farmers, facilitation of Training of Trainers (ToT) on prepared PoPs. During the reporting period, procurement has been concluded and contract awarded to 7 individual experts on 24 Oct 2024 and mobilized (Table 7). Consultants has submitted the inception report and first draft on PoP to the project. As per the contract agreement finalize PoP will be submitted by 23 April 2025. Once it is finalized, MToT will be given to project staffs and ToT will be given to field staffs (CS05 farmers facilitator and social mobilizer) and Lead farmers. Similarly, farmers will be trained accordingly on PoP.

Table 7: Detail of Consultants Recruited Under CS02-AA for PoP Development.

| Package Number | General Description | Name of Expert | Date of ADB Approval of Contract Award | Date of Completion | Comments |
|----------------|--|-------------------------|--|--------------------|------------------------------------|
| CS02-AA | Horticulturist - TL (CS-02-AA-H/TL) | Dr. Giridhari Subedi | 24 Oct 2024 | 23 Apr 2025 | NPR 1,866,150.00 with VAT E-GP: No |
| CS02-AA | Horticulturist / Nursery Management Expert (CS-02-AA-H/NME) | Yub Raj Pandey | 24 Oct 2024 | 23 Apr 2025 | NPR 749,190.00 with VAT E-GP: No |
| CS02-AA | Horticulturist / Post Harvest Management Expert (CS-02-AA-H/PME) | Dr. Durga Mani Gautam | 24 Oct 2024 | 23 Apr 2025 | NPR 431,886.00 with VAT E-GP: No |
| CS02-AA | Plant Pathologist (CS-02-AA-PP) | Dr. Hira Kaji Manandhar | 24 Oct 2024 | 23 Apr 2025 | NPR 537,654.00 with VAT E-GP: No |
| CS02-AA | Entomologist (CS-02-AA-EN) | Dinesh Tiwari | 24 Oct 2024 | 23 Apr 2025 | NPR 537,654.00 with VAT E-GP: No |
| CS02-AA | Agriculture Economist (CS-02-AA-AE) | Laxman Prasad Poudel | 24 Oct 2024 | 23 Apr 2025 | NPR 537,654.00 with VAT E-GP: No |
| CS02-AA | Soil Scientist (CS-02-AA-SS) | Tanka Karki | 24 Oct 2024 | 23 Apr 2025 | NPR 326,118.00 with VAT E-GP: No |

Project Implementation Support Consultant (PISC): Till the reporting period, recruitment for Project Implementation Support Consultant (PISC) under CS06 package is at final stage. Negotiation with first ranked Consultant (CRDN-TMS JV in association with NFAC) completed on 18 Oct 2024. The negotiation minutes along with CSC evaluation report for replacement of key expert and draft contract agreement has been submitted to ADB for review and concurrence on 20 Oct 2024 and received no objection on 24 Oct 2024. After receiving the no objection, CPMU has submitted the document to Department of Agriculture (DoA) for final approval to proceed for

final contract. In the meantime, complaints on procurement have been received through Commission for the Investigation of Abuse of Authority (CIAA) and it has been resolved on 8 Jan 2024 as per the letter of CIAA. So, final approval will be concluded from DoA and contract will be awarded to the first ranked consultant (CRDN-TMS JV in association with NFAC) by first week of Feb 2024.

Farmers Group and Cooperative Facilitation (FGCF) Consultant: Till reporting period, all five procurement packages (CS05-A, CS05-B, CS05-C, CS05-D, and CS05-E) for Farmer Groups and Cooperatives Facilitation (FGCF) consultant has been concluded and contracted by provincial PIUs as stated in Table 8. Till the reporting period 6 key expert and 92 non-key experts were mobilized except in Sudurpaschim. In Koshi, out of total 28 expert 57% were women and 54% were DAG. In Bagmati, out of total 17 expert 71% were women and 41% were DAG. In Gandaki out of total 32 expert 75% were women and 50% were DAG. Similarly, In Karnali out of total 21 expert 57% were women and 19% were DAG.

Table 8: Contract details of FGCF (CS05) Consultants.

| Package Number | General Description | Date of ADB Approval of Contract Award | Date of Completion | Remarks |
|----------------|---|--|--------------------|--|
| CS05-A | Farmer group & cooperative facilitation (Koshi Province) | 15 Aug 2024 | 30 Jun 2029 | NPR 14,96,64,432.00 with VAT E-GP: No |
| CS05-B | Farmer group & cooperative facilitation (Bagmati Province) | 13 Dec 2024 | 30 Jun 2029 | NPR 69,006,162 with VAT E-GP: No |
| CS05-C | Farmer group & cooperative facilitation (Gandaki Province) | 14 Jun 2024 | 30 Jun 2029 | NPR 226,310,072.00 with VAT E-GP: No |
| CS05-D | Farmer group & cooperative facilitation (Karnali Province) | 21 Aug 2024 | 30 Jun 2029 | NPR 135,155,684 with VAT E-GP: No |
| CS05-E | Farmer group & cooperative facilitation (Sudurpaschim Province) | 27 Dec 2024 | 30 Jun 2029 | NPR 100,015,396.00 with VAT E-GP: No |

2. OBJECTIVES AND SCOPE OF MONITORING REPORT

2.1. Objectives of monitoring report

The objectives of the report is to provide status related to social safeguards in the Project The report also identifies the issues and gaps and recommends corrective measures , if any in line with ADB's ADB Safeguard Policy Statement 2009 and country regulatory framework and acts.

2.2. Scope and Monitoring Requirements

The Project is at very initial stage of implementation and is 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 to Dec 2024.

2.3. Scope of Monitoring

The scope of monitoring covers overall tracking of activities related to planning, implementation, and monitoring of social safeguards in the Project. In addition, this report also explains the status of grievances, resolution, issues raised, and effectiveness of grievance redress mechanism. The scope of SMR is to:

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

3. CONSULTATION, PARTICIPATION AND DISCLOSURE

During the reporting period, operational guidelines on Scheme 6 and Lead Farmers Mobilization were approved from MoALD with concurrence from MoF. Similarly, Technical Guidance on Production and Management of Fruit plants for Project Nurseries and Other Nurseries (voluntary basis) was approved by MoALD. Till reporting period Scheme 2 operational guideline has been approved and under execution. For Scheme 3, 4 and 5 and integrated operational guideline has been drafted and is under consultation. Series of consultation meeting were carried throughout the guideline preparation process at various level and shared the draft documents with local levels, project provinces, DoA, MoALD and other relevant stakeholders.

During reporting period, project related awareness raising orientation and information dissemination was completed in 15 project local level. Out of total 490 participants 112 (23%) were female and 196 (40%) were DAGs. Till the reporting period, altogether, six project related orientation and inception in 5 provinces and central level was completed in 2023 by sharing the project related information. Government organizations from three tier, private sectors (AEC, FNCCI), farmers' representatives and other relevant stakeholder were the participants of inception and orientation workshop. Besides that, project awareness and orientation at 31 project local levels were completed. Till the reporting period, Out of total 2631 participants, 644 (20.22%) were female and 316 (42.56%) were DAGs.

Project information was disclosed on NCFD website under "NAFHA Project" subheading. Project information was also disseminated through brochures, leaflets, and a diary and through NCFD website (ncfd.gov.np). 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. Project MIS is not established yet but database is maintained. Preparation of Project MIS is not completed yet. Revision of specification, ToR and RFQ documents on going for execution of NCS01 package.

4. CHANGES IN PROJECT SCOPE AND ADJUSTED SAFEGUARD MEASURES

The project scope changed in single civil works package *i.e.* CW01 A package which includes NCFD office expansion and upgradation of horticulture center, Marpha, Mustang) within this

reporting period. Based on the consultation with MoALD, NCFD and National Center for Potato, Vegetables and Spice Crops Development (NCPVSCD) project has 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 18th June 2023 about CW01 A repackaging. The safeguard requirements will remain the same despite these changes. Procurement Plan has been revised on 27 June 2024 (version3). Aide memoire cleared on 12 May 2024. 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.

5. MONITORING PARAMETERS/INDICATORS AND METHODS

Though the project has been implemented since December 2022, field level execution has started from Q2 2024 with the implementation of Scheme 2. Operational guidelines on Scheme 2, and GRM has been approved. During the reporting period, Lead Farmers Mobilization, Technical Guidance on Production and Management of Fruit plants for Project Nurseries and Other Nurseries (voluntary basis), and Scheme 6 were approved by MoALD with concurrence from MoF. After approval of operational guidelines, implementation of project has been expedited at the 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. Based on the screening checklist, due diligence was checked by LLCC, SMC and CGMC for the screening of subproject application as per the provisioning in Operational Guidelines of Scheme 2 and Scheme 6.

Till the reporting period of the project, involuntary resettlement related issues were not found yet. Social Impact Screening checklist for applicants (farmers, farmers' group, cooperatives and private nurseries) were included in approved guideline of Scheme 2 and Scheme 6. In evaluation criteria for sub-project selection, priority has been given to indigenous people and women. The provision on social safeguard issues related to indigenous peoples and land acquisition has been strictly followed by the project during implementation. Involuntary resettlement due diligence is the part of proposal screening selection criteria. None of the subproject selected have negative social impact on indigenous people. If any social safeguard related issues were found based on due diligence report, Indigenous People Plan (IPP) will be prepared and executed as per the provision in project IPPF document. Till now none of the proposals/application falls under this category. If a proposal triggers SPS category involuntary resettlement A or B, it will result in rejection.

6. COMPLIANCE WITH COVENANTS

Table 9 summarizes the status of the compliance with loan and grant covenants of the project.

Table 9: 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 | Complied | |

| S.N. | Covenant | Key requirements | Status of Compliance | Remarks |
|------|---|---|----------------------|---|
| | | the final IPP and obtained ADB's clearance of such IPP. | | |
| 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. | Complied | <p>All civil work packages will be implemented in government farm centers, so there will be no land acquisition or involuntary resettlement impacts.</p> <p>Provisions were included and implemented as per the approved Scheme 2 and Schemes 6 implementation guideline.</p> <p>Land required for horticulture center/station (CW01-CW08) rehabilitation and upgrade of existing service facilities will be confined within existing boundary of government premises. No additional land acquisition will be required for these activities. So, there will be no resettlement required. Due diligence will be carried out before contract agreement of these works packages.</p> |
| 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. | Complied | |
| 4 | Human and Financial | The Borrower shall make available necessary | Complied | The borrower assigned project personnel and |

| S.N. | Covenant | Key requirements | Status of Compliance | Remarks |
|------|--|---|----------------------|---|
| | Resources to Implement Safeguards Requirements | budgetary and human resources to fully implement the EMP and the IPP. | | <p>additional consultant is under procurement for impact assessment and field monitoring under CS06.</p> <p>The borrower assigned government counterpart project personnel and additional consultant for impact assessment and field monitoring through PISC (CS06) is under procurement and will be contracted and mobilized by Feb 2024.</p> <p>Farmers Group and Cooperative Facilitation Consultants through CS05-A, CS05-B, CS05-C, CS05-D and CS05-E packages were contacted and mobilized.</p> |
| 5 | Safeguards — Related Provisions in Bidding Documents and Works Contracts | <p>The Borrower shall ensure that all bidding documents and contracts for Works contain provisions that require contractors to:</p> <p>(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;</p> <p>(b) make available a budget for all such environmental and social measures as described in subparagraph (a) above;</p> <p>(c) provide the Borrower with a written notice of any unanticipated environmental, 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</p> | Complied | <p>.</p> <p>Incorporated the relevant provisions from the EMP in published Bid document of CW01-AA (advertised in e-GP on 1 Sep 2024 and rebid advertised on 17 Jan 2025) and CW08-A (advertised in e-GP on 21 Oct 2024).</p> <p>Provisions were included in the Bid document of CW02 and CW07-A; which was reviewed and provided NoL to proceed for advertisement in e-GP.</p> <p>Project ensures the inclusion of provisions in others bid documents and work contracts too.</p> |

| S.N. | Covenant | Key requirements | Status of Compliance | Remarks |
|------|-------------------------------------|---|----------------------|--|
| | | <p>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> | Complied . | <p>There was a delay in submission of first social monitoring report. The approval 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> <p>There was a delay in submission of third (11 Aug 2024) social monitoring report.</p> <p>Fourth report submitted on time.</p> |
| 7 | Grievance Redress Mechanism | <p>Within 3 months after the Effective Date, the Borrower shall prepare a grievance redress mechanism, acceptable to ADB, and 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</p> | Complied with delay | <p>GRM guideline approved on 6 March 2024.</p> <p>Grievance handling focal point was appointed in each project entity.</p> <p>GRC established in CPMU, PIUs and in project local level of batch 1 and batch 2 local level as provisioned in approved GRM guideline.</p> |

| S.N. | Covenant | Key requirements | Status of Compliance | Remarks |
|------|----------|---|----------------------|--|
| | | 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. | | For remaining batch 3 local level, project will continue to establish GRC. |

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 (CPMU-1, PIUs-6) for the project. The CPMU has overall responsibility for social safeguards 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 by 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 (FGCF). Once PISC contracted social safeguard related specialist will be mobilized. Safeguard focal officers were designated in CPMU and PIUs.

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 social mobilizers to conduct safeguard impact screening, preparing due diligence report and/or indigenous peoples plan if needed.

Till the reporting period, recruitment for Project Implementation Support Consultant (PISC) under CS06 package is at final stage. Due to the delay on procurement of project consultant, the project has assigned the Senior Agri-economist, Santosh Raj Paudel for safeguard monitoring report preparation.

8. GRIEVANCE REDRESS MECHANISM (GRM)

Project implementation started with execution of Scheme 2 at field level from Q2 2024 and Scheme 6 from Q4 2024. Project is giving due consideration to follow the provisions made in project documents. GRM guideline has been approved on 6 March 2024. A project specific GRM has been established to receive, evaluate, and facilitate resolution of affected persons’ concerns, complaints, and grievances related to social, environmental, and other concerns on the project. GRCs were established in CPMU, PIUs and in 54 project local level of batch 1 and batch 2 as

provisioned in approved GRM guideline to support the social and environmental safeguards of the project. For remaining 48 project local level of batch 3, project will continue to establish GRC. 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.

9. KEY ISSUES AND RECOMMENDED ACTIONS

Following are the key issues related to safeguard monitoring and implementation as stated in Table 9.

Table 9: Key Issues Related to Safeguard Monitoring and Implementation of the Project

| S.N. | Key Issues | Recommended action | Responsibility | Remarks |
|------|--------------------------------|--|----------------|--|
| 1 | Capacity development of staffs | Capacity building on safe guard compliances, GESI-AP implementation and due diligence report preparation to project staffs | CPMU | Requested ADB to include concerned staff in upcoming capacity building activities/training |
| | | | | |

10. FOCUS OF NEXT REPORTING PERIOD

- Field verification and preparation of required safeguards documents for private nursery under Scheme 6
- Status of safeguards documents for finalization of Scheme 3, 4 and 5 operational guidelines
- Contracting and Mobilization of safeguard consultants under CS06 and orientation on safeguard requirement of the project