

Simplified Approval Process

Annex 12: Environmental and social action plan



Table of Contents

Abbreviations.....	ii
Summary	iii
1 Introduction.....	1
1.1 Project Description.....	1
1.1.1 Project Outcomes, Outputs and Activities:	2
1.1.2 Benefits and Targets for Indigenous Peoples (IPs) and Social Inclusion.....	3
1.2 Description of the Project Area	4
1.2.1 Geographical coverage and river basin.....	4
1.2.2 Ecosystem, Forest and Livelihood	4
1.2.3 Climate Vulnerability and Environmental Challenges	5
1.2.4 Demographic Profile and Ethnicity	5
1.2.5 Socio-economic Conditions and Development Challenge	6
1.2.6 Gender and Social Vulnerability.....	6
1.2.7 Indigenous Peoples and Inclusive Project Approach	7
1.3 Objective of the ESAP	7
2 Legal and Institutional Arrangement.....	8
2.1 Legal Framework.....	8
2.1.1 National Legislations and Policies.....	8
2.1.2 International Treaties and Agreements	12
2.1.3 International Financial Corporation Performance Standards	13
2.1.4 Green Climate Fund Sustainability Policies	14
2.1.5 Accredited Entities Environmental and Social Policies.....	15
2.2 Institutional Arrangement.....	15
2.2.1 Project Governance and Oversight.....	15
2.2.2 Project Management and Coordination.....	16
2.2.3 Field-Level Implementation Structure.....	17
2.2.4 Environmental and Social Safeguards (ESS) and SEAH Risk Management	18
2.2.6 Institutional Capacity Building for ESAP Implementation.....	18
2.2.7 Stakeholder Engagement and Grievance Redress.....	19
3 Environmental and Social Screening Procedures	20
4 Risks and Impacts Assessment Methodology	21
4.1 Environmental and Social Risks and Impacts Assessment	21
4.2 SEAH Risks and Impacts Assessment.....	23
4.3 Indigenous People's Risks and Impacts Assessment	25
4.4 Gender Risk Assessment	27

4.5	Environmental and Social Management System Arrangements for Private Sector Involvement and financial intermediaries	28
5	Environmental and Social Risks and Impacts Analysis	30
5.1	Proposed Project Activities with Potential Risks	30
5.2	Summary of Risks Identified in the Project	30
6	Environmental and Social Action Plan (ESAP)	34
7	SEAH Risk Mitigation Measures	41
8	Monitoring and Reporting	43
9	Annexes	47
9.1	Annex-I: E & S + SEAH Screening Checklist	47
9.2	Annex-II: Categorization	51
9.3	Annex-III: Exclusion List	52
9.4	Annex-IV: Stakeholder Engagement Plan	53
9.5	Annex-V: Grievance Redress Mechanism (GRM)	72
9.6	Annex-VI: Indigenous Peoples Planning Framework (IPPF)	77
9.7	Annex-VI: Chance Find Procedure	91

Tables

Table 1: Indigenous Nationalities (Ethnic Groups) and their Level of Marginalization	5
Table 2: National laws and regulations related to environmental and social management	8
Table 3: International Treaties and Agreements	13
Table 4: GCF's Sustainability Policies	14
Table 5: Rating of Impact of Risk, Source: UNDP	22
Table 6: Summary of potential impacts per PS	32
Table 7: Stakeholder Engagement Plan Matrix	59
Table 8: Stakeholder Information Disclosure and Communication Methods	70
Table 9: Grievance handling procedures	73
Table 10: Caste/Ethnicity wise population distribution in the project area	78
Table 11: IP's Consultation Plan (integration with FPIC)	83

Abbreviations

AE	Accredited Entity
APR	Annual Performance Reports
CB-EWS	Community-Based Early Warning Systems
CDB	Convention on Biological Diversity
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CFUGs	Community Forest User Groups
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
EE	Executing Entity
ESAP	Environmental and Social Action Plan
ESMS	Environmental and Social Management System
ESS	Environmental and Social Safeguard
FCU	Field Coordination Unit
FPIC	Free, Prior, and Informed Consent
GAP	Gender Action Plan
GBV	Gender-Based Violence
GCF	Green Climate Fund
GEEs	Gender Equality Employees
GESI	Gender Equality and Social Inclusion
GoN	Government of Nepal
GRCs	Grievance Redressal Committees
GRM	Grievance Redress Mechanism
IFC	International Financial Corporation
IPs	Indigenous Peoples
LAPA	Local adaptation plan of action
LCFMG	Local Community Forest Management Group
LLCA	Locally Led Climate Action
M&E	Monitoring and Evaluation
MAP	Medicinal and Aromatic Plants
MoFE	Ministry of Forests and Environment
MSMEs	Micro, Small, and Medium Enterprises
NAP	National Adaptation Plan
NbS	nature-based solutions
NDC	Nationally Determined Contribution
NTFPs	Non-Timber Forest Products
NTNC	National Trust for Nature Conservation
PMU	Project Management Unit
POPP	Operations Policies and Procedures
PS	Performance Standards
RESP	Revised Environmental and Social Policy
SEAH	Sexual Exploitation, Abuse, and Harassment
SEP	Stakeholder Engagement Plan
SFM	Sustainable Forest Management
ToC	Theory of Change
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples
UNFCCC	United Nations Framework Convention on Climate Change

Summary

Nepal's Karnali Province is highly vulnerable to climate change due to its reliance on rain-fed agriculture, forestry, and other climate-sensitive livelihoods, increasingly affected by landslides, droughts, and floods. The project strengthens forest ecosystem resilience and reduces climate vulnerability through small-scale, community-led nature-based solutions (NbS) under the Locally Led Climate Action (LLCA) framework, including sustainable forest management, forest restoration, climate-resilient Non-Timber Forest Products (NTFP)/Medicinal and Aromatic Plants (MAP) value chains supporting Micro, Small, and Medium Enterprises (MSMEs), Local Adaptation Plan for Action (LAPA) implementation, Community-Based Early Warning Systems (CB-EWS), and capacity building, awareness, and communication. The project may support micro-scale, community-led check dams and erosion control structures as nature-based solutions for soil stabilization, landslide control, and watershed restoration, constructed with locally available materials (e.g., stones, boulders, bamboo, brushwood, or gabions) in degraded forest areas, gullies, and erosion-prone slopes. It prioritizes inclusive participation and equitable benefit sharing, particularly for women, Dalits, Indigenous Peoples (IPs), local governments, and forest user groups, recognizing the role of Indigenous knowledge and culturally appropriate engagement in sustainable forest and ecosystem management.

The project avoids land acquisition, involuntary resettlement, ecosystem degradation, unsustainable resource use, introduction of invasive species, hazardous chemicals, prohibited trade, impacts on protected or cultural sites, child or forced labor, Gender-Based Violence (GBV)/ Sexual Exploitation, Abuse, and Harassment (SEAH) risks, or actions causing significant Environmental and Social (E & S) harm. Environmental and Social Risk Screening confirms minimal to negligible adverse impacts and substantial positive outcomes, supporting a Category C/low level of intermediation (I3) classification under the Green Climate Fund (GCF) Revised Environmental and Social Policy (RESP).

The Environmental and Social Action Plan (ESAP), developed through policy reviews, field assessments, stakeholder consultations and expert analysis, aligns with International Finance Corporation (IFC)'s Performance Standard (PS) applied by the GCF under its interim Environmental and Social Safeguards (ESS) Standards to identify, manage, and mitigate potential risks and impacts such as minor ecosystem disturbances, biodiversity impacts, occupational health and safety concerns, inequitable benefit distribution, limited participation of marginalized and vulnerable groups, maladaptation risks, institutional capacity gaps in implementing LAPA, CB-EWS and Disaster Risk Reduction (DRR), low climate knowledge uptake, GBV/SEAH risks, community grievances, and relevant risks and impacts from NbS and MSMEs interventions. Potential risks associated with check dams are expected to be minor, localized, and manageable, consistent with the Category C classification.

SEAH risks are assessed as low due to the project's small-scale, community-based nature; however, a zero-tolerance approach will be applied through Codes of Conduct (CoC), awareness and training, confidential reporting and survivor-centered referral mechanisms integrated into the Grievance Redress Mechanism (GRM). Engagement with IPs will follow culturally appropriate consultations and respect customary rights in line with Free, Prior, and Informed Consent (FPIC) principles, the GCF IP Policy and IFC PS-7.

The Environment and Social (E & S)/SEAH risk assessment Matrix evaluated the likelihood and severity of potential risks and confirmed that all activities are low risk. Mitigation measures, supported by monitoring, adaptive management, and a functional GRM, will further minimize and effectively manage environmental and social risks and impacts. Clearly defined roles and responsibilities among

the Project stakeholders per Stakeholder Engagement Plan (SEP) and GCF oversight bodies will ensure the integration of safeguards, SEAH prevention, and inclusive participation throughout the project cycle. Any previously unidentified risks that arise will be assessed, and the project will confirm that activities remain within Category C before implementation.

1 Introduction

1.1 Project Description

1. Karnali province is highly vulnerable to climate change because of the higher dependency of its population and its livelihoods on climate-sensitive sectors such as rain-fed agriculture, forestry and other natural resources, which are increasingly threatened by climate change-generated hazards such as landslides, droughts, and floods.
2. The project 'Building Climate Resilience of Forest Dependent Communities through Enhanced Livelihood Opportunities and Local Capacity in Karnali Province, Nepal' deliberately adopts a Locally-led Climate Action (LLCA) approach to significantly shift local people's power to decide their own adaptation and increase the resilience of vulnerable communities. LLCA in this context, empowers local individuals, communities and institutions to lead the design, delivery, and sustenance of locally appropriate climate solutions. This is achieved by channelling resources through devolved finance and participatory governance mechanisms enabling local governments, Local forest user groups and cooperatives to lead decision making and implementation of adaptation interventions will include restoring degraded forest landscapes, promoting climate-smart forest-based enterprises for livelihood enhancement, supporting inclusive Local Adaptation Plans for Action (LAPAs), strengthening local early warning systems, and building awareness and capacity at the grassroots level.
3. The project recognizes that Karnali Province is home to Indigenous Peoples (IPs), Dalits, and other marginalized groups whose livelihoods, cultural identity, and traditional knowledge are closely linked to forests and natural resources. These communities are disproportionately affected by climate impacts and possess valuable knowledge for sustainable resource management and climate adaptation. The project will actively engage them, alongside women, throughout planning and implementation to ensure their voices meaningfully inform decisions, enhance their agency, and deliver locally led, inclusive interventions in partnership with provincial, municipal, and community actors.
4. The proposed project is designed to catalyse a systemic shift in how climate adaptation is planned, financed, and implemented in Nepal's forest landscapes, particularly in the climate-vulnerable Karnali Province. Through institutionalizing principles of LLCA, the project transforms adaptation from a reactive, top-down approach into a proactive, inclusive, and community-driven process. The project's Theory of Change (ToC) envisions that by equipping local institutions with the tools, resources, and authority to manage forests, develop adaptation plans, and engage in climate-resilient enterprises, long-term resilience and low-carbon development pathways will become self-sustaining. The project will generate strong economic, social, environmental, and gender-responsive co-benefits by creating green jobs, diversify incomes, and stimulate local economies while restoring ecosystems, enhancing biodiversity, improving water and food security, and reducing disaster risks. Gender-responsive measures will empower women and marginalized groups, reduce unpaid labour, and strengthen their participation in local climate decision-making.
5. The project aligns with Nepal's climate change priorities by enhancing adaptation for climate-vulnerable groups, strengthening forest ecosystem resilience, improving climate governance and information, and mainstreaming Gender Equality and Social Inclusion (GESI). It supports the national and international environmental and social safeguards, gender and climate change related legal arrangements and national priorities. It also supports the Green Climate Fund's

(GCF) mandate to catalyse paradigm shifts by strengthening decentralized climate governance, fostering inclusive resilience, and unlocking investment in low-emission, climate-resilient rural development.

1.1.1 Project Outcomes, Outputs and Activities:

Outcome 1. Enhanced resilience of forest ecosystems and forest-based livelihoods (NTFP/MAP).

Output 1.1: Climate-resilient Forest management, restoration and nature-based solution (NbS) services delivered in community forests.

Activity 1.1.1. Improve Sustainable Forest Management (SFM) for Increased Resilience to Climate Change and Carbon Sequestration Benefits

Activity 1.1.2. Restore priority sites in community forests, prioritizing species that can be integrated into sustainable NTFP supply chain.

Activity 1.1.3. Implement Targeted Nature-Based Solutions (NbS) for Watershed and Land Resilience

Output 1.2. Sustainable forest-based commodity value chain development and enterprise support services delivered.

Activity 1.2.1. Value Chain Analysis and Enterprise Incubation

Activity 1.2.2. Promote Sustainable Production and Harvesting Practices

Activity 1.2.3. Facilitate Market Access and Financial Mechanisms

Activity 1.2.4. Capacity Building and Entrepreneurship Support

Outcome 2. Enhanced adaptive capacity and disaster preparedness of climate-vulnerable communities and local institutions

Output 2.1: Integrated local adaptation, preparedness and learning services delivered to climate-vulnerable communities and local institutions in Karnali Province.

Activity 2.1.1. Develop and deliver climate change awareness and adaptation training.

Activity 2.1.2. Formulation and implementation local adaptation plan for action (LAPA).

Activity 2.1.3. Provide strategic support to the provincial government to scale and sustain adaptation governance beyond the project period.

Activity 2.1.4. Establish Community-Based Early Warning Systems (CB-EWS).

Activity 2.1.5. Establish climate adaptation model sites.

Outcome 3. Strengthened climate awareness and communication.

Output 3.1. Provincial and local climate communication and advocacy services established and delivered in Karnali Province.

Activity 3.1.1: Develop a Climate Change Communication Strategy for Karnali Province.

Activity 3.1.2. Develop and disseminate communication materials to local communities across the four target districts.

Activity 3.1.3. Conduct climate advocacy workshops.

1.1.2 Benefits and Targets for Indigenous Peoples (IPs) and Social Inclusion

6. The project promotes equitable benefits for IPs, women, Dalits, and persons with disabilities through livelihood, capacity-building, and governance support. This includes support for 10 NTFP-based Micro, Small, and Medium Enterprises (MSMEs) with business planning, market linkages, and technical assistance, as well as providing input packages to 60 NTFP-based enterprises, supporting engage 31 municipalities in climate adaptation planning, establishing 10 adaptation demonstration sites, and strengthening disaster preparedness in six municipalities. While the specific target areas for these interventions will be determined through direct engagements during project implementation under the LLCA approach, the project will ensure that benefits are equally distributed between social groups, including equitable inclusion of Dalits, IPSs and other vulnerable groups. Moreover, inclusive climate awareness and adaptation training will reach approximately 22,110 people, targeting women, Dalits, and IPs. IPs and marginalized groups will be represented in governance structures, with transparent beneficiary selection and recognition of traditional knowledge. M&E will track enterprise creation, household participation, training delivered, governance inclusion, and community perceptions of participation and equity.

1.2 Description of the Project Area

1.2.1 Geographical coverage and river basin

7. Karnali Province, located in the north western part of Nepal, is characterized by remote mountainous terrain, limited connectivity, and high exposure to climate hazards, including landslides, droughts, glacial lake outburst floods (GLOFs), and riverine flooding. The project targets 31 local levels across four districts (Dolpa, Jumla, Jajarkot, and Dailekh). Within these districts, the project area includes five municipalities in Dolpa (lower Dolpa), eight in Jumla, seven in Jajarkot, and eleven in Dailekh. Each district has distinct geographic characteristics relevant to project planning and implementation. The total area of these municipalities, which is the area of influence of the project is 861,000 hectares. These districts are characterized by rugged topography, high mountains, mid-hills, and river valleys, with elevations ranging from subtropical lowlands to alpine and nival zones. Dolpa and Jumla districts have predominantly mountain geography. Jajarkot and Dailekh districts are in the mid hills. Soil erosion and land degradation further threaten ecosystem stability.
8. Project Area. The project districts are located within the Karnali River basin, Nepal's largest watershed, which originates in the Tibetan Plateau and flows over 500 km before joining the Ghaghara in India. Major tributaries including the Sinja, Tila, Bheri, and West Seti rivers drain over 90% of the sub-basin within Nepal, which also contains approximately 1,459 glaciers and 742 glacial lakes (Nepal River Portal, 2019) ¹.

1.2.2 Ecosystem, Forest and Livelihood

9. The project districts host rich biodiversity and diverse ecosystems, including forests, rangelands, wetlands, and alpine meadows. Forests in the region are classified by altitude, slope, and climatic zones (Manual of Afforestation, Nepal²): subtropical Terai-Churia forests (e.g., *Pinus roxburghii*), temperate forests (*Pinus wallichiana*, *Abies spectabilis*, *Quercus spp.*), and high-altitude Himalayan forests with conifers and scrub.
10. Nepal's extensive altitudinal and climatic gradients have resulted in rich biodiversity, with nearly 12,000 floral species identified across the country. Of these, at least 700 plant species are medicinal, 440 provide wild foods, 30 are spices, and 71 are yielding natural fibres (Shrestha, et al., 2020). A total of 58 species of Medicinal and Aromatic Plants (MAPs) have been identified in Karnali Province, including annuals, biennials and perennial plants that are used as medicines, perfumes and food (Aryal, et., al., 2023). Over 51% of households still use firewood as their primary cooking fuel (NSO, 2021), with forests supplying about 90% of Nepal's total fuelwood and over 50% of the fodder for livestock (Piras, 2013). Small enterprises and cooperatives supporting forest-dependent livelihoods in Karnali Province typically operate at a modest scale and are closely embedded within community forest governance systems.
11. Forests are central to livelihoods, culture, and resilience, providing fuelwood, fodder, timber substitutes, leaf litter, and a wide range of non-timber forest products (NTFPs), including medicinal and aromatic plants, wild foods, and fibers that particularly support women, Dalits, Indigenous Peoples, and other marginalized groups. Community-based Forest management enables collective stewardship, equitable benefit sharing, and locally led decision-making over restoration, harvesting, and livelihood use. Combined with climate-resilient forest management, value addition to NTFPs, and integration into municipal planning, forests can strengthen livelihoods, enhance

¹ Karnali River System – Nepal River Portal

² Manual of Afforestation in Nepal - J. K. Jackson - Google Books

ecosystem resilience, and deliver mitigation co-benefits through increased carbon sequestration and reduced degradation.

1.2.3 Climate Vulnerability and Environmental Challenges

12. Forests are a key climate-sensitive sector in Karnali Province, supporting the majority of the population's livelihoods. Increasing landslides, droughts, extreme weather, forest fires, invasive species, habitat loss, and wetland degradation are undermining forest cover and quality, disproportionately affecting women, Indigenous Peoples, Dalits, and poor households who rely on forest resources. Observed climate impacts include altered river flows, flooding, and decreased food and water security. While community forestry and watershed programs have achieved site-level outcomes, challenges remain, including low female representation in management, limited forest-based enterprises, insufficient seedling production, weak watershed management, and inadequate technical and staffing capacity. The project districts are highly climate-sensitive, with low adaptive capacity due to technological and socio-economic limitations. Dolpa faces very high vulnerability in forests and watersheds, Jajarkot and Jumla high, and Dailekh moderate. Historical trends show variable temperature and precipitation patterns across the province. Mountain regions are experiencing warming, glacial retreat, and increased GLOF risk, while mid-hill areas such as Jajarkot face drought. Projected higher monsoon rainfall is expected to increase flooding and landslides.

1.2.4 Demographic Profile and Ethnicity

13. Nepal is a multi-ethnic, multi-lingual, multi-religious and multi-cultural country, dominated by Hindu caste groups. The total population of Nepal, as of the census day (25 November 2021) is 29,164,578, of which the number of males is 14,253,551 (48.87 %) and the number of females is 14,911,027 (51.13 %). Nepal is an ethnically complex and diverse country with numerous indigenous and linguistic communities. Altogether 142 castes and ethnicities are reported in the 2021 Census. Informal analysis of the 2021 Census figures puts, about 35% (10 million) of the total population of Nepal belongs to 59 different groups of indigenous peoples as defined by the National Foundation for Development of Indigenous Nationalities (NFDIN) Act, 2002. In Nepal, IPs are a very heterogeneous group and in the context of this project and framework it is important to distinguish the vulnerable and poor IP from the others. Based on socio-economic variables (literacy, housing, occupation, language, area of residence and population size), the NFDIN affiliated Nepal Federation of Indigenous Nationalities (NEFIN) has further classified 59 groups into five different categorized of which 10 Indigenous Peoples groups are in endangered, 12 are highly marginalized, 20 marginalized, 15 disadvantaged and 2 advantaged (Table 1). As per the Census 2021, the current populations of major indigenous peoples in Nepal are Magar (6.9 per cent), Tharu (6.2 per cent), Tamang (5.62 per cent), Newar (4.6 per cent), Rai (2.2 per cent), Gurung (1.86 per cent) and Yakthung/Limbu (1.42 per cent).

Table 1: Indigenous Nationalities (Ethnic Groups) and their Level of Marginalization

Category/Status	IPs/Ethnic Group
Endangered (10)	Bankariya, Hayu, Kusbadiya, Kusunda, Lepche, Suel, Raji, Raute, Kisan, Meche (Bodo)
Highly Marginalized (12)	Shiyar, Shingsawa (Lhomi), Thudam, Barame, Thami (Thangmi), Chepang, Dote, Danuwar, Majhi, Dhanuk (Rajbansi), Jhangad, Santhal (Satar)
Marginalized (20)	Bhote, Dolpo, Larke, Lhopa, Mugali, Topkegola, Walung, Bhujel, Dura, Pahari, Phree, Sunuwar, Tamang, Darai, Kumal, Dhimal, Gangai, Rajbansi, Tajpuria, Tharu

Disadvantaged (15)	Bara Gaunle, Byansi (Sauka), Chhairrotan, Marphali Thakali, Sherpa, Tangbe, Tingaule Thakali, Chhantyal, Gurung (Tamu), Jirel, Limbu (Yakthung), Magar, Rai, Yakkha, Hyolmo
Advantaged (2)	Thakali, Newar
IPs but not in the IP list	Kulung, Kumhar, Lhomi, Lodh, Nachhiring, Nahuwa, Nuniya, Rajdhob, Kahar, Kalwar, Kalar, Kathbaniyan, Dhandi, Baramo, Dev

(Source: NEFIN, 2017)

14. According to the ³National Population and Housing Census 2078 (2021), the total population of the project area (4 districts and 31 local levels) is 591,653, of which 303,093 are female and 288,560 are male. The Karnali province is home to diverse ethnic and Indigenous communities, including Dalits, IPs and marginalized groups reflecting a rich socio-cultural composition. Brahmin, Chhetri, Thakuri and other Khas-Arya (BCT) groups constitute the majority with 64.49% (381,578 people). Dalit communities represent the second largest group at 26.02% (153,963 people), including Bishwokarma, Pariyar, Mijar, Sunar, Sunuwar, Badi, Gaine, and Musahar and often face social and economic marginalization. IPs account for 9.16% and include Magar, Gurung, Kumal, Majhi, Tamang, Rai, Gharti/Bhujel, Dolpo, Thakali, Newar, Tharu, and Yakthung/Limbu. These groups maintain distinct languages, cultural traditions, customary institutions, and livelihood systems often linked to forest resources, pastoralism, agriculture, and trade. In high mountain districts, groups such as Dolpo and Bhote communities follow Tibetan-influenced cultural and livelihood systems, while hill Indigenous groups such as Magar and Gurung are more concentrated in mid-hill areas and rely on agriculture, livestock, and forest-based livelihoods. Minority groups, mainly Musalman communities, make up 0.11%, while Madhesi groups (e.g., Yadav, Teli) represent 0.02%. This diverse demographic composition highlights the importance of inclusive and culturally sensitive approaches in project planning and implementation to ensure equitable participation and benefit sharing among all communities.

1.2.5 Socio-economic Conditions and Development Challenge

15. Karnali Province is one of the least developed regions of Nepal, characterized by high poverty rates, geographic isolation, and limited access to infrastructure and services. The province, covering 30,211 km² (21.6% of Nepal's landmass), is home to over 250,000 women farmers who provide 70% of agricultural labor and contribute 30% of the provincial GDP, alongside significant Dalit and Indigenous populations. The contribution of Karnali Province to the national GDP is around 4%, with 27.54% of its population under poverty and around 80% employed in agriculture, fishery and livestock; the underemployment rate is the highest in Nepal at 27.54%. Karnali Province, with 51.2% poverty, has limited infrastructure and relies on climate-sensitive livelihoods like agriculture, livestock, forestry, and seasonal labor. Indigenous Peoples and Local Communities (IPLCs) face geographic isolation and restricted access to services and decision-making, despite strong traditional knowledge in forest management, biodiversity, and climate adaptation, underscoring the need for inclusive climate-resilient development.

1.2.6 Gender and Social Vulnerability

16. Gender inequality is pronounced, with women having limited access to resources, decision-making, and economic opportunities, while bearing disproportionate climate-related burdens. Social vulnerabilities are heightened by food insecurity, youth outmigration, limited institutional capacity, and exposure to climate and disaster risks. Forests are culturally significant, but governance, technical, and financial constraints, along with low awareness of disaster risk

³ https://censusnepal.cbs.gov.np/results/files/result-folder/National%20Report_English.pdf

reduction and limited use of nature-based solutions, restrict climate resilience and inclusive participation in forest and watershed management. Women contribute significantly to the rural economy. In Karnali Province, more than 250,000 women farmers provide approximately 70% of agricultural labor and contribute around 30% of provincial GDP. Caste dynamics overburden Dalit women in particular often face multiple layers of marginalization, and elite capture within community institutions has been reported to undermine inclusive participation (40 % quotas) in some Community Forest Management Groups (CFMGs).

1.2.7 Indigenous Peoples and Inclusive Project Approach

17. The IPLCs of Karnali possess strong traditional knowledge systems and cultural connections to forests, water sources, and sacred natural sites. These knowledge systems play an important role in sustainable forest management, biodiversity conservation, agroforestry practices, and climate adaptation. The project adopts an inclusive approach to IPs, recognizing their cultural identity, livelihoods, and traditional knowledge in sustainable forest management, agroforestry, biodiversity conservation, and climate adaptation. Meaningful participation of IPs, women, and marginalized groups will be ensured across all project stages through culturally appropriate consultations, targeted focus groups, flexible schedules, local-language facilitation, and engagement via recognized community institutions. Women-led groups and women-managed CFUGs will be promoted as agents of change, while all activities affecting IP's s Peoples' lands, resources, or collective rights will adhere to Free, Prior, and Informed Consent (FPIC) principles to ensure informed and voluntary decision-making.

1.3 Objective of the ESAP

18. The main objective of the Environmental and Social Action Plan (ESAP) is to ensure that all environmental and social risks and impacts identified during project preparation are systematically addressed and managed throughout the project lifecycle Specifically, the ESAP aims to:

- Translate GCF Environmental and Social Policy into actionable measures.
- Mitigate, minimize, or avoid adverse impacts on communities, vulnerable groups, ecosystems, natural resources, and cultural heritage.
- Ensure compliance with national laws, regulations, and GCF safeguard requirements.
- Define clear responsibilities, timelines, and monitoring mechanisms for implementing risk management measures.
- Promote inclusive and participatory approaches, including stakeholder engagement and grievance redress.
- Support adaptive management through progress tracking, compliance verification, and corrective actions.

2 Legal and Institutional Arrangement

2.1 Legal Framework

2.1.1 National Legislations and Policies

19. Government of Nepal (GoN) has a comprehensive list of laws, regulations, strategies, guidelines and practices that have been developed specially to govern environmental and social risks and impacts and to carry out environmental and social assessment and management applicable for all development projects. The GoN policies and regulations related to environmental and social safeguard that the project needs to follow:

Table 2: National laws and regulations related to environmental and social management

Acts/Regulations/ Standards	Description and Provision and Applicability to the Project
Constitution of Nepal, 2072 (2015 AD)	The Constitution of Nepal guarantees the right to a clean and healthy environment and compensation for pollution (Art. 30), mandates conservation of ecosystems, forests, biodiversity, wetlands, and wildlife, sustainable resource use, climate action, pollution control, and protection of endangered species (Art. 51), links environmental well-being to health (Art. 35), and distributes environmental governance across federal, provincial, and local levels (Schedules 5–9), emphasizing sustainable development and conservation.
National Environment Policy, 2076 (2019 AD)	This policy promotes sustainability by conserving ecosystems, controlling pollution, supporting climate resilience and green development, strengthening environmental assessments, and ensuring public participation and coordinated governance.
National Policy on Disaster Risk Management, 2075 (2018 AD)	This policy provides guidance for reducing disaster risks and building resilience through hazard assessment, early warning systems, community-based DRR, integration into development planning, multi-level coordination, capacity building, and public awareness to protect lives, property, and livelihoods.
Rangeland Policy, 2069 (2012 AD)	The Policy promotes conservation, sustainable use, and biodiversity protection of rangelands, including in-situ and ex-situ measures for rare or endangered species, documentation of biodiversity, and research on carbon sequestration. It establishes a central Steering Committee and District Coordination Committees for oversight. The Policy supports environmentally sensitive trail upgrades, grazing and vegetation management, and conservation of rangeland ecosystems along the trekking route.
National Wetland Policy, 2069 (2012 AD)	That policy promotes the conservation and sustainable use of wetlands through protection, wise use, ecosystem maintenance, stakeholder coordination, and community participation, ensuring development does not degrade wetland resources.
National Climate Change Policy, 2076 (2019 AD)	The policy promotes climate-resilient and low-carbon development by mainstreaming adaptation and mitigation across all levels of government, strengthening disaster risk reduction, encouraging community participation and capacity building, ensuring sustainable natural resource management, prioritizing vulnerable communities, and enhancing climate governance, finance, knowledge, technology, and risk management systems.
National Occupational Safety and Health (OSH) Policy 2076 (2019 AD)	This policy aims to ensure safe, healthy, organized, and dignified workplaces in Nepal by emphasizing preventive measures, hazard identification, emergency preparedness, accident response, PPE provision, training, and institutional arrangements. However, it does not cover all Occupational Health and Safety (OHS) aspects, and implementation and awareness remain limited, reflecting the low priority of OHS in some sectors.
Environment Protection Act (EPA), 2076 (2019 AD)	The EPA establishes Nepal's legal framework for sustainable development by requiring environmental assessments for impact-prone projects, mandating protection of natural resources, pollution control, and proper waste management, ensuring community

Acts/Regulations/Standards	Description and Provision and Applicability to the Project
	participation and compliance with standards, and enforcing accountability through restoration obligations and penalties.
Environment Protection Regulation (EPR), 2077 (2020 AD)	The EPR, 2077 operationalizes the EPA by requiring environmental screening and appropriate assessments for projects with potential impacts, classifying projects by scale and sensitivity, mandating impact mitigation, public consultation, and EMP preparation, and enforcing compliance through approvals, penalties, or suspension.
Forest Act, 2076 (2019 AD)	The Act defines forests broadly to include grasslands, wetlands, water bodies, and unregistered land, establishes strong environmental and social safeguards, promotes community-based forest management, biodiversity conservation, and sustainable livelihoods, and mandates planning, consultation, benefit-sharing, and measures to prevent ecological harm while protecting cultural and water resources.
Forest Regulation 2079 (2022 AD)	This Regulation provides a legal framework requiring formal approval for any construction within national forests. Ecologically sensitive areas can be designated as Forest Protection Areas, requiring special work plans to preserve conservation values and ecosystem integrity. Projects must protect environmental services such as water sources, wetlands, and watersheds, and any use of forest products must follow permits, sustainable sourcing, and safe labor practices. The Regulation also emphasizes community participation, benefit-sharing, support for local livelihoods, gender inclusion, and transparency, ensuring all activities are carried out responsibly for both the environment and society.
Industrial Enterprises Act, 2076 (2020AD)	The act governs the registration, classification, and regulation of industries in Nepal, ensuring environmental compliance, approvals, and reporting. It decentralizes governance, offers investment incentives, promotes corporate social responsibility, regulates contract manufacturing, and enforces penalties to support sustainable industrial development.
National Parks and Wildlife Conservation Act, 2029 (1973AD)	This Act is Nepal's primary legal framework for managing national parks, wildlife reserves, conservation areas, and buffer zones. It protects ecosystems, wildlife, habitats, and biodiversity by regulating infrastructure and resource use and enforcing measures to prevent environmental degradation. The Act promotes community-based conservation through Buffer Zone Management Committees, revenue-sharing, and controlled resource access to support local livelihoods and reduce conflicts. All construction within conservation areas requires prior approval and safeguards to prevent impacts on wildlife, vegetation, habitats, and soil stability.
National Parks and Wildlife Conservation Regulations, 2030 (1974 AD)	This Rule implements the National Parks and Wildlife Conservation Act by establishing procedures for managing and protecting national parks, wildlife reserves, conservation areas, and buffer zones. It prohibits activities harmful to wildlife and habitats, requires approvals for infrastructure and resource use, and sets enforcement measures, including penalties, to ensure conservation while allowing sustainable, controlled use of protected areas.
Buffer Zone Management Regulation, 2053 (1996 AD)	This Regulation provide a framework for managing buffer zones surrounding protected and conservation areas in Nepal. They aim to reduce pressure on core conservation areas through habitat restoration and conservation activities, while promoting community-based conservation, sustainable resource use, and revenue-sharing. The Regulations also support social management by allocating park revenues for community development, education, health, alternative energy, livelihood enhancement, and mitigation of human–wildlife conflicts, thereby balancing conservation objectives with local development needs.
Plant Protection Act, 2064 (2007 AD)	The Act provides the legal framework to prevent the introduction, establishment, and spread of plant pests and invasive species in Nepal while facilitating safe trade of plants and plant products. It regulates the import and export of plants, plant products, and related materials, mandates pest risk analysis, and authorizes the identification and control of regulated pests to protect agriculture, forests, and natural ecosystems.

Acts/Regulations/Standards	Description and Provision and Applicability to the Project
Plant Protection Rule, 2066 (2010 AD)	The Rules operationalize the Act by prescribing detailed procedures for implementation, including requirements for entry permits for importing plants, plant products, biological control agents, beneficial organisms, and growth media such as soil, moss, and pits. They outline inspection, quarantine, and certification processes, specify compliance measures, and support enforcement actions to effectively prevent the spread of pests and invasive species.
Land Acquisition Act, 2034 (1977 AD)	Land Acquisition Act 2034 Amendment 2049 is the main legislation to guide the involuntary acquisition of land in the country. Government can acquire land at any place in any quantity by giving compensation pursuant to the Act for the land required for any public purpose or for the operation of any development project initiated by government or government authorized institution (sections 3 and 4).
Labour Act 2074 (2017 AD)	The Act establishes comprehensive provisions on employment conditions, workers' rights, and OHS in Nepal. It regulates working hours, remuneration, job security, welfare arrangements, conduct, and dispute settlement, while prohibiting child labour and restricting hazardous work for minors. Sections 27–36 and 68–83 require employers to ensure safe working conditions, provide OHS training and information, properly manage physical, chemical, and biological hazards, and form Safety Committees in workplaces with 20 or more workers. The Act also empowers workers to stop work in case of immediate danger and obliges employers to cover treatment and compensation for work-related illnesses or injuries.
Labour Rule 2075 (2018 AD)	The Labour Rule, issued by the Government of Nepal, provides comprehensive guidance on workplace conditions and OHS requirements. It defines working hours, shift provisions, and rest periods, including additional rest for pregnant and nursing workers, and ensures paid weekly holidays. Chapter 7 specifies key OHS obligations, requiring employers to implement emergency preparedness, accident response, and evacuation measures, as well as provide PPE, safety gear, and proper maintenance to reduce workplace hazards. Clause 44 further covers hygiene, sanitation, lighting, ventilation, waste management, safe drinking water, and worker health inspections. The rule also requires workplaces to establish basic first-aid facilities and maintain effective accident recording and reporting systems.
The Child Labour (Prohibition and Regulation) Act, 2056 (2000 AD)	This Act prohibits employing children below 14 years in any form of labor and bans children aged 14–18 from hazardous work. It requires enterprises to obtain approval from the Labour Office and the child's parent/guardian before employing workers aged 14–18. The Act also forbids engaging children through coercion, manipulation, threats, or any form of force, ensuring their health, safety, and welfare while regulating permissible work.
The Sexual Harassment at Workplace (Prevention) Act, 2071 (2014 AD)	The Act prohibits sexual harassment in all workplaces, protects victims, defines complaint procedures, and allows perpetrator transfer. Offenders face up to 6 months' imprisonment or NPR 50,000 fine, and employers who fail their duties may be fined up to NPR 25,000.
Muluki Debari Samhita, 2074 (2017AD) (Civil Code)	Effective from 1 Bhadra 2075, the Act provides a civil framework for property rights, public safety, liability, and cultural heritage protection in tourism infrastructure development. It ensures responsible development, prevents environmental harm, supports social inclusion, and sets labor protections: no forced manual work for under-16s (Clause 640) and a maximum of 8 hours/day or 48 hours/week without overtime pay (Clause 641).
Aquatic Animal Protection Act, 2017 (1960 AD)	The act protects aquatic animals in Nepal by prohibiting harmful fishing practices, empowering authorities to regulate species and waters, setting penalties, and allowing rule-making and appeals.
National Foundation for Development of Indigenous Nationalities Act 2058 (2002)	The NFDIN Act establishes the to promote the rights, identity, and development of Indigenous Peoples in Nepal, preserving their culture, language, and heritage, and supporting education, livelihoods, and participation in decision-making. The government officially recognizes 59 Adivasi/Janajati communities.

Acts/Regulations/ Standards	Description and Provision and Applicability to the Project
Solid Waste Management Act, 2068 (2011 AD)	The Act aims to manage solid waste, mobilize related resources, and protect public health by controlling pollution. All construction and operational activities must comply with the Act to prevent solid waste pollution and safeguard environmental and public health.
Solid Waste Management Regulation, 2070 (2013 AD)	The Regulation mandates proper segregation, collection, storage, transport, treatment, and disposal of solid waste, including separate handling of hazardous waste, licensing of waste operations, community awareness, and monitoring to protect health and the environment.
Soil and Water Conservation Act, 2039 (1982 AD)	The Act provides a legal framework for soil and water protection, erosion control, and sustainable land management.
Water Resource Act, 2049 (1992 AD)	This Act aims to minimize environmental damage to water bodies through mandatory environmental assessments and requires all uses of water resources to avoid soil erosion, flooding, landslides, or other significant impacts.
Water Resource Regulation, 2050 (1993 AD)	The project complies with the Regulation by mitigating environmental impacts, conserving aquatic life, and addressing social and economic effects, prioritizing local labor, community benefits, and women's participation, while ensuring public consultation, mitigation, and rehabilitation for sustainable, socially responsible trail tourism.
Disaster Risk Reduction and Management Act, 2074 (2017AD)	The Act establishes Nepal's legal framework for disaster risk reduction, mandating multi-level governance, hazard assessment, Early Warning Systems (EWS), and community-based management, while integrating DRR into development planning, capacity building, and emergency response.
Local Government Operation Act, 2074 (2017 AD)	The Act empowers local governments to plan, approve, and manage local infrastructure, while ensuring environmental protection and community participation. The Act provides the legal basis for locally led, accountable, and environmentally responsible planning and construction, making development more responsive to local needs and sustainable over time.
Ancient Monument Protection Act, 2013 (1956 AD)	The Act protects ancient monuments, archaeological sites, and culturally significant areas by prohibiting damage or construction without prior approval from the Department of Archaeology. Construction near heritage sites must avoid physical, visual, or vibration impacts and use conservation-sensitive methods to preserve cultural and archaeological values.
Right to Information Act, 2064 (2007 AD)	The Act guarantees citizens' right to access public information, requires transparency and accountability from public bodies, mandates information disclosure and staff training, and sets procedures for requesting information while protecting sensitive national or public interests.
Carbon Trading Regulations, 2082 (2025 AD)	The GoN, through the Ministry of Forests and Environment (MoFE), has enacted the Carbon Trading Regulation, 2082 (2025 A.D.) under the authority of the EPA, 2076 (2019 A.D.). This regulation provides a structured framework for the development, approval, implementation, and management of carbon trading projects in Nepal. Further, it addresses the development and implementation of the Non-market-based Carbon Projects, and introduces the framework for domestic and international carbon trading mechanism in order to participate in both international and national carbon market.
Protected Area Management Strategy (2022–2030)	The strategy promotes sustainable biodiversity conservation and local livelihoods in Nepal's protected areas by addressing habitat loss, wildlife threats, invasive species, and climate change, emphasizing species and landscape protection, law enforcement, alternative livelihoods, nature-based tourism, and inclusive, climate-resilient development.
National Foreign Invasive Species Management Strategy and	This marks Nepal's first formal national strategy to manage and mitigate the spread and impacts of foreign invasive species across forestry, agriculture, and environmental sectors,

Acts/Regulations/Standards	Description and Provision and Applicability to the Project
Implementation Plan 2081 (2025 AD)	providing guidance for national action and supported by scientific field guides and manuals for identification and early management.
Forest Products Collection, Sale, and Distribution Guidelines, 2073 (2017 AD)	These Guidelines regulate the collection, sale, transport, and export of forest products under the Forest Act and Rules, requiring a license from an Authorized Officer and compliance with government conditions. Timber, firewood, and other products must carry official markings, and procedures for vegetation clearance, land delineation, and wood volume evaluation (Clauses 3–10) must be followed. Compliance ensures sustainable forest use, prevents over-harvesting, supports equitable resource distribution, and is directly applicable to project activities such as trail upgrading and infrastructure development.
Forestry Sector Strategy (2016–2025 AD)	This Strategy provides a framework for sustainable and climate-resilient forest management, emphasizing community-based stewardship, biodiversity conservation, and value addition to non-timber forest products. It highlights forests' role in livelihoods, climate mitigation, disaster risk reduction, and ecosystem services, promoting inclusive participation of women, Indigenous Peoples, and marginalized communities in decision-making and benefit sharing.
Local Adaptation Plan of Action (LAPA) framework, 2019 AD	The first LAPA framework, developed in 2011, was recognized as a tool for mainstreaming climate change adaptation into local development plans. Building on lessons learned, the government published an updated LAPA framework in 2019. The LAPA process is bottom-up, inclusive, and responsive, aiming to strengthen the adaptive capacity of climate-vulnerable households and communities through a series of structured steps.
National Adaptation Plan (NAP) (2021–2050 AD)	Nepal's NAP, 2021–2050 provides a strategic framework for climate change adaptation, aligned with the National Climate Change Policy 2019 and national development goals. It addresses climate risks across sectors such as agriculture, forests, water, infrastructure, health, and disaster risk reduction, while integrating cross-cutting priorities including gender equality, social inclusion, capacity building, and climate finance. The NAP guides inclusive, resilient, and sectorally coordinated adaptation planning at national and local levels.
Third Nationally Determined Contribution (NDC 3.0), 2025 AD	Nepal's NDC 3.0 outlines the country's updated climate action plan under the Paris Agreement, aiming to reduce greenhouse gas emissions, enhance climate resilience, and achieve net-zero carbon emissions by 2045. It emphasizes both mitigation and adaptation strategies suited to Nepal's environmental and socio-economic context, with a strong focus on mobilizing international support for finance, technology, and capacity building to achieve its commitments.
<u>Standards</u>	<ul style="list-style-type: none"> • Nepal Noise Standards, 2012 - Noise levels for different land use categories and noise generating equipment. • Drinking Water Quality Standards, 2005 - Quality of drinking water supply in the project camps and construction sites. • Nepal Vehicle Mass Emission Standard, 2012 - Compliance to Type I to Type V tests for vehicles fueled with gasoline and diesel while importing vehicles for a project. • Nepal Ambient Air Quality Standards, 2012 - Limits of ambient air quality parameters around construction sites.

2.1.2 International Treaties and Agreements

20. There are several international treaties and agreements related to the environment and social aspects that GoN ratified. The table below provides broader requirements in relation to the project:

Table 3: International Treaties and Agreements

Treaties and Agreements	Description and Provision and Applicability to the Project
United Nations Framework Convention on Climate Change (UNFCCC), 1992	Nepal ratified the UNFCCC in 1994, committing to address climate change through mitigation and adaptation. The convention provides the framework for global efforts to stabilize greenhouse gas concentrations. For projects, this necessitates aligning with Nepal's Nationally Determined Contributions (NDCs) and National Adaptation Plan (NAP), ensuring project designs are climate-resilient and minimize carbon footprints.
Convention on Biological Diversity (CBD)	Nepal ratified the Convention on Biological Diversity (CBD) in 1993, committing to conserve biodiversity, promote sustainable resource use, and ensure equitable benefit-sharing. In ecologically sensitive areas, CBD principles guide environmentally responsible planning, minimizing habitat impacts, protecting wildlife, and involving local communities to support both biodiversity conservation and sustainable livelihoods.
ILO Convention on Indigenous and Tribal Peoples, 1989 (No.169)	ILO Convention 169 on Indigenous and Tribal Peoples is an international treaty adopted by the International Labour Conference to recognize the rights of indigenous and tribal peoples and define the responsibilities of governments to protect these rights. Nepal ratified the Convention in 2007 BS (2064/05/28).
Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), 1973	CITES is a global treaty ensuring international trade in wild species does not threaten their survival, classifying species in three appendices: Appendix I (rare), II (threatened), and III (protected). Nepal, a CITES party since 1975, implements its provisions through national laws, combining species protection, monitoring, and permits to regulate trade and conserve wildlife and plants.
United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) 2007	The UN Declaration on the Rights of Indigenous Peoples (2007) affirms Indigenous Peoples' rights to self-determination, lands, resources, culture, and participation in decisions affecting them, including free, prior, and informed consent, while promoting equality and non-discrimination.

21. All project activities have been designed to fully align with the relevant legal and institutional frameworks at both national and international levels. Compliance with environmental and social obligations will be systematically monitored and documented throughout project implementation, ensuring transparency, accountability, and adherence to best practices.

2.1.3 International Financial Corporation Performance Standards

22. Green Climate Fund (GCF) uses the IFC Performance Standards (PS) as its interim Environmental and Social Safeguard (ESS) Standards. The IFC Sustainability Framework consists of its Policy and Performance Standards⁴ on Environmental and Social Sustainability, which guide clients in identifying, avoiding, mitigating, and managing environmental and social risks throughout a project's lifecycle. The Standards also emphasize stakeholder engagement and disclosure obligations at the project level.

23. IFC's eight Performance Standards are:

- PS1: Assessment and Management of Environmental and Social Risks and Impacts
- PS2: Labor and Working Conditions
- PS3: Resource Efficiency and Pollution Prevention
- PS4: Community Health, Safety, and Security

⁴ https://www.ppiaf.org/sites/default/files/documents/1970-01/PS_English_2012_Full-Documents.pdf

- PS5: Land Acquisition and Involuntary Resettlement
- PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
- PS7: Indigenous Peoples
- PS8: Cultural Heritage

2.1.4 Green Climate Fund Sustainability Policies

24. The Governing Instrument sets out that the GCF will adopt best practice environmental and social safeguards to be applied to all programmes and projects financed using the resources of the Fund and that it will encourage the involvement of relevant stakeholders, including vulnerable groups and addressing gender aspects across its operational modalities. GCF's sustainability policies⁵ articulate how GCF incorporates gender, environmental, social and indigenous peoples' considerations into its decision making and operations to effectively manage related risks and enhance the impact of its investments. Alignment with GCF sustainability policies, including the provisions of GCF's Revised Environmental and Social Policy (RESP), which incorporates requirements for Sexual Exploitation, Abuse, and Harassment (SEAH) due diligence, GCF's Indigenous Peoples Policy and its Operational Guidelines, and GCF's Updated Gender Policy, are described below:

Table 4: GCF's Sustainability Policies

GCF's <u>Revised</u> Environmental and Social Policy (RESP), 2021	<p>The GCF RESP sets mandatory standards to prevent and manage environmental and social risks in all GCF-funded projects. It emphasizes protection of Indigenous Peoples' rights, cultural heritage, livelihoods, and vulnerable groups, promotes gender equality and social inclusion, requires risk assessment and mitigation, meaningful stakeholder engagement including FPIC, and ensures transparency, accountability, and grievance redress throughout the project lifecycle. This policy establishes requirements for identifying and managing risks to vulnerable groups, including IPs and marginalized populations. It also ensures projects adopt culturally appropriate engagement, inclusive participation, grievance mechanisms, and mitigation measures for social exclusion or inequitable impacts. This Policy will apply to all GCF-financed activities and to both public and private sector entities.</p> <p>It also outlines requirements to identify, assess, and manage risks and impacts, including those related to gender-based violence (GBV), SEAH.</p>
GCF's Indigenous Peoples Policy and Operational Guidelines	<p>The GCF's Indigenous Peoples Policy (2018) protects groups with distinct social, cultural, and economic identities, attachment to lands/resources, customary institutions, and self-identification. It recognizes self-identifying Indigenous groups even if not nationally recognized, ensuring their perspectives, cultural practices, and traditional knowledge are respected. FPIC is required for activities affecting their lands, resources, or cultural heritage.</p> <p>The Operational Guidelines outline procedures to identify affected Indigenous Peoples, assess risks, integrate IP considerations into project design and monitoring, prepare Indigenous Peoples Plans (IPPs) or apply an Indigenous Peoples Planning Framework (IPPF) for significant risks, ensure equitable benefits and capacity-building, and link with GESI measures for marginalized groups like Dalits.</p>
GCF's Updated Gender Policy and Action Plan	<p>The GCF Gender Policy and Action Plan (2015, updated 2020) integrates GESI principles within its Environmental and Social Safeguards (ESS). Socially excluded groups, such as Dalits, though not classified as Indigenous Peoples, are supported through GESI to ensure equitable participation, access to project benefits, and inclusion in decision-making.</p> <p>The policy and action plan guide gender-responsive investments, ensuring social dividends across the GCF portfolio. It promotes equitable social and economic benefits by integrating gender considerations into project design, implementation, and monitoring, strengthens institutional capacity, supports inclusive decision-making for women and marginalized</p>

⁵ <https://www.greenclimate.fund/about/policies/sustainability>

	groups (e.g., Dalits), establishes gender-sensitive indicators and accountability mechanisms, and fosters partnerships to mainstream gender in climate action.
--	--

2.1.5 Accredited Entities Environmental and Social Policies

25. The National Trust for Nature Conservation (NTNC) serves as the Accredited Entity (AE) for this project and is committed to maintaining high standards of ethics, integrity, and transparency in its operations. NTNC has established a range of environmental, social, and governance policies to ensure that its projects are implemented in a sustainable, responsible, and inclusive manner. The Environmental and Social Management Framework (ESMF) Policy (Revised), 2020 provides the core safeguard framework, outlining principles and standards for natural resource management and biodiversity conservation. It covers key safeguard areas including labour and working conditions, resource efficiency and pollution control, community health and safety, involuntary resettlement, cultural heritage, and Indigenous Peoples, along with procedures for environmental and social screening, risk assessment, monitoring, public consultation, and grievance redressal.
26. In addition, NTNC has adopted several institutional policies and guidelines, including the Project preparation and appraisal guidelines (2019), Monitoring and Evaluation Framework (2019), Fiduciary Procedures, Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Guideline (2024), Guidelines on prevention and protection from SEAH, Code of Conduct, Anti-Human Trafficking (AHT), Child Safeguard (CS), and a Risk Management System for organizational and project risk management. NTNC also maintains information disclosure, grievance redressal, and conflict of interest guidelines (Revised 2024) to promote transparency, accountability, and stakeholder engagement.
27. These policies are consistent with Nepal's legal framework, including the right to information act (2007), right to information regulations (2009), NTNC Act (1982), NTNC regulation (1984), and NTNC Bye-laws (1996). NTNC also promotes the principle of FPIC where projects may affect Indigenous Peoples' rights, lands, or resources. Overall, NTNC's safeguard policies are broadly aligned with international environmental and social safeguard standards and are currently being updated to further align with requirements of multilateral climate finance institutions such as the Green Climate Fund (GCF) and the Adaptation Fund.

2.2 Institutional Arrangement

2.2.1 Project Governance and Oversight

28. National Trust for Nature Conservation (NTNC), Ministry of Finance and Provincial Ministry of Industry, Tourism, Forests and Environment (MOITFE) are the project Executing Entity (EE) under the strategic oversight of Ministry of Forests and Environment (MoFE). A Project Steering Committee (PSC) will be chaired by MoFE and will provide strategic project guidance, technical and policy advice, oversight of the Project Management Unit (PMU) hosted by NTNC, and approve annual project plans. The PSC will comprise representatives from key national institutions, including NTNC, the Department of Forests and Soil Conservation (DoFSC), REDD+ Implementation Centre, Department of National Parks and Wildlife Conservation (DNPWC), Ministry of Agriculture and Livestock Development, and the Ministry for Cottage and Small Industries, Karnali Province Ministry of Industry, Tourism, Forest and Environment (MOITFE), Municipal associations. To strengthen federal-provincial-local collaboration and reinforce local ownership, the PSC will also include nominated representatives from provincial ministries including provincial ministry responsible for forests and environment and municipal associations (rural municipalities). The PSC will meet at least once annually to review project progress, approve

annual work plans and budgets submitted by the PMU, and ensure coherence with national policies and the GCF-approved strategy.



Figure 1: Project Implementation entities

2.2.2 Project Management and Coordination

29. The NTNC will serve as both the Accredited Entity (AE) and the Executing Entity (EE) for the project and will host the Project Management Unit (PMU). The PMU will be led by a Project Team Leader (PTL) and supported by a multidisciplinary team including programmatic, fiduciary, procurement, administrative, and technical staff (Consultant Engineer) including an Environmental and Social Safeguards (ESS) Expert and a Monitoring and Evaluation (M&E) Expert. The PMU will be responsible for overall project coordination, financial and procurement management, preparation of annual work plans and budgets, compliance with safeguard requirements, and reporting to the Ministry of Forests and Environment (MoFE) and the Green Climate Fund (GCF). At the AE level, NTNC will provide overall oversight to ensure compliance with its E & S safeguard and GCF Revised Environmental and Social Safeguard Policy (RESP). Within the PMU, the ESS Expert will serve as the focal point for E&S risk management, including screening, risk categorization, environmental and social assessment, and the development and implementation of mitigation measures in line with the ESAP requirements. The ESS Expert will also oversee the integration of gender considerations and prevention and response measures related to SEAH across project activities.

30. Specifically, the ESS Expert will be adequately trained and supported to manage SEAH risks through targeted and continuous capacity-building, including SEAH risk screening, survivor-centered approaches, confidential grievance handling, and integration into project operations, in line with GCF requirements. Recruitment of the ESS Expert will require demonstrated experience in SEAH risk management, clearly reflected in the Terms of Reference (ToR). Institutional systems, such as a SEAH-sensitive GRM, established referral pathways to specialized service providers, and integration of SEAH monitoring within the M&E system, will support the ESS Expert. NTNC,

as an AE also has GESI Officer to assist the PMU on gender and social issues. Additionally, a full-time gender expert will also be assigned under PMU. NTNC will maintain access to external SEAH/GBV Experts on an on-call or short-term basis for technical backstopping, complex case management, and periodic assessments, ensuring alignment with the Gender Action Plan (GAP) and broader gender and social inclusion frameworks. The Project will ensure the meaningful involvement of IPs organizations in operationalization of the project's IP approach. This includes their engagement in: (i) implementation of all IP-related activities, (ii) facilitation of culturally appropriate engagement process, (iii) support to IPPs development and (iv) FPIC processes, where applicable. Institutional arrangements at the field level will explicitly define roles for IP representatives and organizations, recognizing them as formal implementation partners. They will support culturally appropriate community engagement, contribute to planning, monitoring, and reporting, and ensure locally led implementation aligned with Indigenous knowledge systems and priorities. Their roles and responsibilities will be clearly detailed in the Project's operations manual, including through contracts or memoranda of understanding, to ensure accountability and transparency.

2.2.3 Field-Level Implementation Structure

31. At the field level, safeguard focal persons within the Field Coordination Units (FCUs)/sub-units, implementing partners, and relevant MSMEs/Financial Intermediaries (FIs) will support the implementation of E & S safeguards. These focal persons will assist in activity-level screening, monitoring of mitigation measures, documentation, and reporting, under the guidance of the PMU ESS Expert. Besides, for both PMU and FCU GRM focal persons will be assigned. The M & E Expert will be responsible for developing and implementing the project's monitoring system to track progress, results, and safeguard compliance. The M & E Expert will coordinate with the PMU, FCUs, and partners to collect and analyse data, prepare periodic reports, and ensure alignment with GCF reporting requirements. The role also supports participatory monitoring, learning, and adaptive management throughout project implementation. NTNC with the support from the field staffs and Experts, will collect and analyzed field level data to prepare and submit the Annual Performance Report (APR) to the GCF. This multi-level safeguard structure will ensure that E& S risks are effectively identified, assessed, monitored, and managed throughout project implementation.
32. The implementation structure will be grounded in the principles of LLCA by embedding local leadership, inclusive decision-making, and accountability mechanisms across all levels of project governance, planning, and delivery. To strengthen decentralized implementation and enhance responsiveness, a Field Coordination Unit (FCU) will be established in Surkhet district with a Sub-unit in Jumla district. The FCU will work closely with the PMU, relevant sectoral line agencies, provincial governments, and municipal authorities to facilitate effective project implementation across the target municipalities. It will ensure continuous two-way accountability through feedback mechanisms with communities and stakeholders, undertake conduct technical monitoring, document lessons learned, and regularly report progress to the PMU. At local level, the FCU and sub-unit will coordinate with the municipal governments and community institutions such as ward offices, Local Community Forest Management Group (LCFMG) including Community Forest User Groups (CFUGs), farmer cooperatives, watershed committees, and other locally rooted bodies. The local levels partners such as Municipal governments, community level institutions including ward offices, LCFMGs, farmer cooperatives/groups, and watershed groups, will act as direct implementing partners for specific, localized activities co-designed with the project. Women, Dalits, Indigenous Peoples, youth, and other marginalized groups will be meaningfully engaged in activity

design, benefit targeting, and performance monitoring through structured mechanisms such as public hearings, social audits, and community monitoring committees.

2.2.4 Environmental and Social Safeguards (ESS) and SEAH Risk Management

33. The ESS Expert and M&E Expert of the PMU will also provide technical support to the FCU and its sub-unit to ensure effective monitoring, compliance with environmental and social safeguards, and integration of gender and SEAH risk prevention measures during project implementation. The ESS Expert within the PMU will serve as the designated focal person responsible for SEAH risk screening, monitoring, and reporting under the project. The ESS Expert will conduct SEAH risk screening during environmental and social assessments and activity-level screening; ensure implementation of SEAH mitigation measures outlined in the ESAP; integrate SEAH provisions into contracts, Codes of Conduct (CoC), and partnership agreements with implementing partners; monitor SEAH risks and mitigation actions through regular field visits and reporting; and coordinate confidential referral and survivor-centered response procedures through the project's Grievance Redress Mechanism (Annex-V).

2.2.5 Accredited Entity Oversight and ESAP Compliance

34. While NTNC, as the Accredited Entity (AE), maintains overall fiduciary, financial, and procurement management, the project adopts a multitiered approach. The NTNC as an AE, will oversee ESAP implementation, providing strategic supervision and ensuring adherence to GCF's Revised Environmental and Social Policy. NTNC will consolidate E&S reports submitted by PMU, verify compliance with agreed mitigation measures, and report ESAP progress, including any incidents, non-compliance cases, or emerging risks, to the GCF through the annual performance and mid-term reports. To ensure transparency and traceability, field-level data and monitoring results will be collected by PMU technical staff and recorded in the project's Environmental and Social Registry. These reports will be reviewed and validated by PMU and they consolidate and analyze the data, include relevant updates in official reporting to the GCF, and provide technical support as needed.

2.2.6 Institutional Capacity Building for ESAP Implementation

35. To strengthen institutional, CFUGs and MSMEs capacity for effective ESAP implementation, targeted capacity building will be integrated into the project. This includes an initial assessment of MSMEs' and project staff's capacity to implement Environmental and Social Management Systems (ESMS), covering risk screening, mitigation measures, occupational health and safety (OHS), stakeholder engagement, and grievance mechanisms. Identified needs include targeted training and technical support for PMU and field staffs, implementing partners, community facilitators, and MSMEs on E&S as well as SEAH risk screening procedures, risk categorization, monitoring and reporting tools; awareness-raising sessions on Sexual Exploitation, Abuse, and Harassment (SEAH), along with training on survivor-centered GRM protocols; technical assistance on biodiversity risk management and safe agrochemical use (e.g., integrated pest management); and strengthening of information systems to support E&S documentation and ensure audit readiness. Each MSME will designate an ESS focal point to oversee day-to-day safeguards compliance and coordinate with the PMU, supported by simplified ESMS tools, mentoring, and ongoing supervision. To ensure adequate capacity, the AE will ensure that all relevant project personnel including staff of implementing partners, community facilitators, and Users groups receive mandatory training on SEAH prevention, CoC, safe reporting procedures, confidentiality, and survivor-centered response protocols. Refresher trainings will be conducted

periodically during project implementation, and training materials will be adapted to local languages and contexts to ensure accessibility. These capacity-building efforts are fully reflected in the ESAP, with environmental and social obligations integrated into contracts and performance monitored through reporting and field verification, ensuring accessibility, institutional readiness, long-term sustainability, and overall compliance with GCF requirements across the project lifecycle.

2.2.7 Stakeholder Engagement and Grievance Redress

36. The implementation of the Stakeholder Engagement Plan (SEP), SEAH risk mitigation measures and the GRM will be led by the PMU, with specific responsibilities assigned to the ESS Expert. The PMU will ensure that stakeholder consultations are conducted in accordance with the SEP throughout the project cycle and that the GRM is functional, accessible, and responsive. Responsibilities include maintaining records, monitoring, and preparing periodic reports to inform project decision-making. The Project will validate the enhanced approach towards IPs including screening, implementation arrangements, and the IPPF through targeted, culturally appropriate consultations with IPs and their representative organizations at local and provincial levels, ensuring inclusive participation of women and vulnerable groups. It will clearly distinguish between preliminary engagement and formal consultations, recognizing only those that meet meaningful consultation criteria. All processes will be systematically documented, and IP organizations will be actively engaged to facilitate consultations, support FPIC, and strengthen community-level engagement. The NTNC, as an AE acknowledge the importance of accurately distinguishing between different forms of interaction with IPs. Stakeholder engagement will follow a two-way, meaningful consultation process aligned with FPIC principles, enabling IPs to review, provide feedback, and grant or withhold consent for activities affecting their rights and resources. The Project will clearly distinguish between preliminary engagements (e.g., scoping discussions, awareness-raising, informal interactions and information sharing) and formal consultations in line with the GCF requirements. Only consultations that meet the criteria of meaningful consultation such as prior information disclosure, culturally appropriate communication, inclusive participation, and opportunities for dialogue will inform project design, the IPPF, and subsequent IPPs. All interactions with IP communities will be systematically documented, including the type of interaction (engagement or consultation), methods used (e.g., focus group discussions, community meetings, and interviews), participant demographics, key issues raised, and how inputs are reflected in project decisions. These records will be maintained in the SEP to ensure transparency and traceability. SEP implementation will be regularly monitored to ensure inclusivity, particularly for IPs, with updates reflected in periodic reports. IP organizations will support these processes to ensure culturally appropriate and inclusive participation.
37. The detailed SEP and project-level GRM are attached to this ESAP as Annex-IV and Annex-V, respectively. A brief overview of the GRM is also included in the pre-feasibility study (Annex-2).

3 Environmental and Social Screening Procedures

38. At this stage, approximately 60–70% of project activities do not have specific sites finalized, as most interventions (forest restoration, NbS, NTFP enterprises, adaptation model sites, and early warning systems) follow a phased approach of participatory site selection with local communities and authorities. Pre-identified locations cover about 30–40% of activities, including selected community forests and target municipalities. Given that not all project activity sites have been pre-identified at this stage, a structured Environmental and Social (E&S) screening procedure will be applied prior to the implementation of any field-level interventions. This procedure aims to ensure that all project activities remain fully consistent with GCF's Category C classification. The screening process will be guided by a participatory assessment or screening checklist based on IFC's Performance Standards (PS) and aligned with the principles and requirements of the GCF's⁶ RESP, consisting of several key steps. Besides, the screening procedure ensures that all the project activities remain fully comply with the GCF Indigenous Peoples (IP) Policy and IFC PS 7 (Indigenous Peoples). Screening will identify and address potential environmental, social, and SEAH risks at an early stage, including impacts on Indigenous Peoples' presence, land rights, cultural heritage, and potential FPIC triggers. The screening process will also incorporate screening for SEAH risks to identify and address potential social risks at an early stage.
39. The Project Management Unit (PMU), with support from the ESS Expert and relevant field staff, will conduct site-specific and comprehensive E & S/SEAH screening using a standardized E&S screening form (checklist) for each proposed activity with the meaningful participation of local stakeholders. The screening checklist will assess environmental risks (e.g., land use, legal status, proximity to protected areas or critical habitats, use of chemical inputs such as pesticides, and ecosystem sensitivity), social risks (e.g., labor and community safety, vulnerable groups, and potential SEAH concerns with safe reporting mechanisms), and risks to IPLCs, including their presence, land rights, cultural heritage, access restrictions, and potential FPIC triggers. Based on the screening results, each activity will be classified as either eligible or ineligible. Eligible activities, presenting minimal or no adverse environmental, social, or SEAH risks, may be allowed to proceed with the application of standard mitigation measures outlined in ESAP. In contrast, ineligible activities, which may pose risks incompatible with Category C, will be excluded from implementation. In accordance with GCF RESP guidance, environmental and social risk significance will be assessed based on inherent risks prior to the application of mitigation measures. Any activities identified during screening as having inherent moderate or high environmental or social risks will be excluded from project financing and implementation.
40. The project's Category C classification reflects that its activities are expected to have minimal or no adverse environmental and social impacts. The project has been carefully designed to avoid any adverse impacts on critical habitats and biodiversity. To maintain this low-risk profile, a clear *Exclusion List* has been established as a safeguard to ensure all project interventions remain within the Category C threshold and comply with national regulations and international environmental and social standards. To ensure this, the project incorporates the following safeguards and design measures are applied:
- **Site Selection Criteria:** All activities will take place within already modified and actively used agricultural areas, such as existing smallholder plots, ensuring no net loss of biodiversity. No activities, including small-scale infrastructures (e.g., check dams,

⁶ <https://www.greenclimate.fund/sites/default/files/document/revised-environmental-and-social-policy.pdf>

nurseries, or facilities), will be implemented in or near primary forests, existing or proposed protected areas, core zones, buffer zones, or known critical habitats.

- **Small-Scale, NbS and Low-Impact Interventions:** The project has a minimal physical footprint. All activities are designed to avoid any expansion into natural ecosystems, and farmers involved in ongoing environmental claims or disputes are not selectable for participation.
- **Screening and Exclusion Measures:** An E & S and SEAH risk screening protocol will be applied during implementation to verify that activities do not occur in ecologically sensitive areas and do not pose unacceptable social risks. If any potential overlap with critical habitats or elevated SEAH risks is identified, the site will be excluded or adjusted.
- **Alignment with National and Local Environmental Regulations:** All activities will comply with Nepal's environmental legislation regarding land use, habitat protection, and biodiversity conservation and social safeguards.
- **Technical Supervision and Capacity Building:** Project activities will be overseen by qualified ESS Expert of PMU with experience in sustainable land use and environmental safeguards, to ensure compliance with safeguards. Training and capacity building programs for field staff and beneficiaries will promote biodiversity-friendly practices such as agroecology, agroforestry, and the protection of natural vegetation, while also raising awareness on SEAH prevention, safe reporting mechanisms, and culturally appropriate engagement with IPs.

41. All screening outcomes, assessments, and mitigation measures, including SEAH risk prevention measures, will be documented, monitored, and reviewed. Records will be stored in the project's E&S registry for monitoring, evaluation, and audit purposes. The ESS Expert will oversee documentation and ensure proper application of screening procedures, while the Accredited Entity (NTNC) will validate all findings to ensure compliance with the GCF IP Policy, national legislation, and other safeguard requirements. During implementation, the PMU and implementing partners will conduct periodic spot checks and site visits to verify the continued validity of screening results and the effectiveness of mitigation measures. Any previously unidentified risks that arise will be assessed, and the project will confirm that activities remain within Category C before implementation.

4 Risks and Impacts Assessment Methodology

4.1 Environmental and Social Risks and Impacts Assessment

42. An impact risk assessment was undertaken using UNDP Social and Environmental Screening Procedure to assess the probability (expected, highly likely, moderately likely, not likely) and the impact of the risks identified (critical, severe, moderate, minor, negligible). From this, a significance value was attributed to the potential impact (negligible, low, medium, high and extreme). A significance value of the risk (low, medium, high) can be obtained by combining the probability and impact values. The risk significance indicates the relationship between probability and severity or magnitude of impacts. The entities or organizations that will be implementing the proposed activities are best positioned to define the probability of occurrence and severity or magnitude of impacts.

IMPACT	Critical	5	High	High	High	High	High
	Severe	4	Medium	Medium	High	High	High
	Moderate	3	Low	Medium	Medium	Medium	Medium
	Minor	2	Low	Low	Medium	Medium	Medium
	Negligible	1	Low	Low	Low	Low	Low
			1	2	3	4	5
			Slight	Not Likely	Moderately Likely	Highly Likely	Expected
			PROBABILITY				

Figure 2: UNDP Risk Matrix, Source: UNDP⁷

Table 5: Rating of Impact of Risk, Source: UNDP⁸

Score	Rating	Definition
5	Critical	Significant adverse impacts on human populations and/or environment. Adverse impacts high in magnitude and/or spatial extent (e.g. large geographic area, large number of people, transboundary impacts, cumulative impacts) and duration (e.g. long-term, permanent and/or irreversible); areas impacted include areas of high value and sensitivity (e.g. valuable ecosystems, critical habitats); adverse impacts to rights, lands, resources and territories of indigenous peoples; involve significant displacement or resettlement; generates significant quantities of greenhouse gas emissions; impacts may give rise to significant social conflict.
4	Severe	Adverse impacts on people and/or environment of medium to large magnitude, spatial extent and duration more limited than critical (e.g., predictable, mostly temporary, reversible). The potential risk impacts of projects that may affect the human rights, lands, natural resources, territories, and traditional livelihoods of indigenous peoples are to be considered at a minimum potentially severe.
3	Moderate	Impacts of low magnitude, limited in scale (site-specific) and duration (temporary), can be avoided, managed and/or mitigated with relatively uncomplicated accepted measures.
2	Minor	Very limited impacts in terms of magnitude (e.g., small affected area, very low number of people affected) and duration (short), may be easily avoided, managed, mitigated.
1	Negligible	Negligible or no adverse impacts on communities, individuals, and/or environment.

43. The significance of risk assessed as 'Low' level do not require further analysis or treatment. When undertaking the risk assessment, all activities were assessed. The GCF follows the mitigation hierarchy as a guiding principle for managing environmental and social risks and impacts across all GCF-financed activities. The hierarchy provides a structured approach to ensure that potential adverse impacts on people and the environment are addressed systematically. First, project design should anticipate and avoid adverse risks and impacts wherever possible. If avoidance is not feasible, measures should be taken to minimize adverse risks and impacts through appropriate abatement actions. Residual risks and impacts must then be mitigated to the greatest extent possible. Finally, where avoidance, minimization, or mitigation is not sufficient, and there is adequate evidence to support the project's viability, measures should be designed and

⁷ United Nations Development Programme. (n.d.). Portfolio and project risk register template. UNDP Programme and Operations Policies and Procedures (POPP). Retrieved May 15, 2025, from <https://popp.undp.org/document/portfolio-and-project-risk-register-template>

⁸ United Nations Development Programme. (n.d.). Portfolio and project risk register template. UNDP Programme and Operations Policies and Procedures (POPP). Retrieved May 15, 2025, from <https://popp.undp.org/document/portfolio-and-project-risk-register-template>

implemented to provide remedy and restoration, along with equitable compensation for any remaining residual risks and impacts.

44. Specific measures for each issue/risk are discussed along with the respective mitigation measures in this ESAP. The ESAP and mitigation measures which follow aim to mitigate the adverse or negative impacts of the project and to enhance the beneficial or positive impacts. In addition to the specific mitigation measures presented in this ESAP, the project will establish a screening and categorization mechanism specifically for those activities whose exact location and/or scope will only be determined during project implementation.

4.2 SEAH Risks and Impacts Assessment

45. The project's SEAH risks and impacts are assessed following the GCF's revised⁹ Policy on Prevention and Protection from SEAH and its ¹⁰Risk Assessment Guideline, part of the ESS toolkit for GCF-funded activities. This guideline enables the project to systematically identify, evaluate, and manage SEAH risks throughout project planning and implementation. The GCF Policy on the Prevention and Protection from SEAH establishes GCF's zero tolerance of SEAH. It sets clear obligations for GCF covered individuals and its counterparties to prevent and respond to SEAH and to refrain from condoning, encouraging, participating or engaging in SEAH. The gender roles related to the project, as well as needs and interests of the relevant stakeholders, are outlined in Annex 4 (Gender Assessment and Action Plan). Nepal has its national legal framework to address SEAH and related forms of GBV with the strategy for the promotion of gender equality and the empowerment of women, girls. Besides, Nepal is a party to 7 of the 9 principal international treaties, including the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), which it ratified in 1991, together with the Optional Protocol thereto, which it ratified in 2007. Also, Nepal is party to 16 international human rights instruments. According to article 51 (b) (3) of the Constitution, Nepal shall pursue policies to implement the international treaties and agreements to which it is a party. By ratifying these treaties and conventions, the GoN has committed to guaranteeing equality to both men and women in all spheres of their lives, which entails ensuring that they are not subject to sexual harassment.
46. GCF applies the IFC's PS as its interim ESS standards. The standards include requirements to address violence and harassment in general, in particular in PS2 (Labor and Working Conditions) and PS4 (Community, Health, Safety and Security). To ensure comprehensive due diligence, the SEAH-specific requirements of the RESP are applied, scaling up mitigation and management measures. SEAH risks and impacts are assessed using the screening checklist provided in the Annex-I Part (C).
47. Prior to the implementation of the above-mentioned activities, the project's ESS Expert within the PMU will be responsible for conducting E&S + SEAH screening using the checklist provided in Annex-I for each activity and/or location. The screening process will also apply the project exclusion criteria (provided in Annex-III). Then the screening assessment will be submitted to the AE for review and validation. If the screening confirms that the E&S + SEAH risks are low and potential site-specific mitigation measures are appropriate, the AE will provide clearance for the implementation of the measures under consideration. Depending on the results of the screening, the AE may solicit the development of location-specific ESAPs for this clearance, as appropriate.

⁹ <https://www.greenclimate.fund/sites/default/files/document/seah-policy.pdf>

¹⁰ <https://www.greenclimate.fund/sites/default/files/document/gcf-seah-risk-assessment-tool.pdf>

In line with the Simplified Approval Process (SAP), only project activities classified as Category C under the GCF RESP are eligible for financing. The significance of E & S and SEAH risks will be assessed based on inherent risks, prior to the application of any mitigation measures. Activities with inherent moderate or high risks identified during screening will be excluded from project financing, as only low-risk activities are consistent with SAP requirements.

48. Based on the nature of the interventions primarily capacity building, small-scale NbS and land restoration and community engagement the SEAH risk for this project is assessed as 'low'. No large-scale construction or labour influx is expected. All civil works are small-scale, localized, and low-impact, generally under 1 ha per intervention or requiring minor foundations (<1–2 m³ concrete). Examples include soil bunds, check dams, erosion control structures, planting pits, micro-terracing, minor water retention structures, nursery beds and shade houses (<0.5 ha per nursery), early-warning device installations (rain gauges, river sensors, sirens), small agro-processing units (20–50 m²), and demonstration greenhouses (<0.5 ha per site). Nonetheless, as the project operates in areas of heightened gender vulnerabilities, it will adopt preventive and proactive SEAH risk management measures throughout implementation as prevention is both an ethical and operational priority.
49. The SEAH risk assessment methodology involves the following steps:
 - a. **Understand SEAH risks:** Analyze how project context, power dynamics, and community interactions may create potential risks of sexual exploitation, abuse, or harassment.
 - b. **Screen and assess risks early:** Integrate SEAH risk screening into the E & S screening process during project preparation and activity planning stages to identify potential risk areas.
 - c. **Evaluation of risk factors :** Assess the severity and likelihood of SEAH risks considering structural vulnerabilities, sectoral factors and demographic characteristics, and project activities.
 - d. **Develop mitigation and prevention measures:** Implement concrete preventive and mitigation actions such as policies, SEAH CoC, safe reporting channels, survivor-centered grievance mechanisms, training and awareness raising programs.
 - e. **Monitoring and reporting:** Establish continuous monitoring, reporting and accountability mechanisms, including SEAH-related indicators within the project monitoring framework.
 - f. **Link with broader safeguards instruments:** Align SEAH risk management with the GCF E&S Policy and other safeguards instruments, including gender assessment, stakeholder engagement plan, and grievance mechanisms.
50. Referral mechanisms will be established to ensure that survivors of SEAH incidents have safe, confidential, and timely access to appropriate support services. The project will coordinate with existing national and local service providers, and hotline services, and will collaborate with local governments and civil society organizations, particularly in remote areas where services may be limited.
51. The RESP requires GRMs to be survivor-centered and gender-responsive, ensuring a rights-based, non-discriminatory response that prioritizes survivors' dignity, safety, needs, and informed choices of survivor, with particular attention to marginalized and vulnerable groups. When the survivor is a child, the response must prioritize the child's best interests and engage parents, caregivers, or legal guardians as required by law. When the survivor is a person with disability, all the required SEAH support services and responsive measures must be carried out in an inclusive and accessible manner and intersectional lenses must be put into consideration (where required, seek specialized expertise).

52. This integrated approach ensures that SEAH risks are systematically screened, mitigated, monitored, and addressed through clear responsibilities, referral pathways, and GRM procedures, thereby supporting safe, inclusive, and socially responsible project implementation.

4.3 Indigenous People's Risks and Impacts Assessment

53. The objective of the IPs risks and impacts assessment is to safeguard their rights, livelihoods, cultural integrity, and access to natural resources, while ensuring their participation in project design, implementation, and monitoring. The project benefits IPs by supporting IP-led forest enterprises, providing training in sustainable livelihoods and business skills, ensuring representation in governance bodies like CFMGs, and facilitating access to project financing and community initiatives. It safeguards customary lands, sacred sites, and traditional knowledge, while promoting inclusion of women, youth, Dalits, and other marginalized groups to enhance empowerment, resilience, and equitable participation. To address risks of inadequate inclusion of IPs, the Project will validate its IP approach, including screening and IPPF provisions, through structured consultations with IPs and their representative organizations. This process will ensure that IP priorities, customary institutions, and traditional knowledge are integrated into project design, mitigation measures, and benefit-sharing, with inclusive participation of marginalized groups and women. Consultation documentation will clearly distinguish engagement from formal consultation, and verified outcomes will inform mitigation measures, FPIC processes, and site-specific IPPs, as needed.

54. The project will clearly distinguish between preliminary engagements and formal consultations, and only those consultations that meet meaningful consultation standards, including FPIC-aligned processes, will be used to inform mitigation measures and the preparation of IPPs. All interactions will be systematically documented, including their nature, participants, methods used, key issues raised, and how these have been addressed by the project, ensuring transparency, accountability, and traceability of outcomes. The project will also recognize and actively engage with the traditional institutions, customary governance systems, and community decision-making structures in IPs' communities and will engage with these structures throughout project implementation. Only activities assessed as low-risk for IPs will be implemented under this ESAP. The IPs risks and impacts assessment will follow the GCF IPs Policy, the GCF RESP, and IFC PS 7 (Indigenous Peoples).

55. The project safeguards recognized Indigenous groups, mainly Adivasi Janajati in Nepal, based on distinct social, cultural, and economic identities, land attachment, customary institutions, and self-identification (See table 1, IPs but not in the IP list). Dalits and other marginalized castes, while not classified as Indigenous Peoples, will be supported through the project's GESI approach to ensure equitable participation and benefits, and unrecognized or self-identifying Indigenous groups will be included through participatory consultations to respect their perspectives, cultural practices, and resource-use systems.

56. The identification of IPs in the project area follows a systematic approach based on international standards and national context. It includes reviewing ethnic composition, customary land and resource rights, field-level community mapping, and consultations with local authorities, community leaders, traditional institutions, and civil society organizations (CBOs). Socio-cultural characteristics such as language, governance systems, institutions, culture, and livelihoods are assessed and cross-verified through multiple sources, including community self-identification. These findings inform environmental, social and SEAH risk assessments, stakeholders engagement planning, and project implementation.

57. Potential risks and impacts to IPLCs will be assessed considering their social, economic and climate vulnerability, including their legal status; rights to lands, territories, and natural resources under national and customary law; dependence on natural resources and traditional livelihoods; cultural and institutional systems; and relationships with dominant groups and the broader economy. Specific risks include: restricted access to customary forest resources due to restoration or conservation interventions; impacts on cultural practices and sacred sites; exclusion from Community Forest User Group (CFUG) governance; elite capture limiting participation; loss of traditional land-use rights; communication and information barriers; gender and social inclusion challenges; and inequitable distribution of project benefits. Special attention is given to land and resource use practices, including cultural, ceremonial, or spiritual uses, and any intermittent, seasonal, or cyclical activities that may be affected by project interventions.
58. Risk assessment and mitigation follow a structured approach incorporating information disclosure, culturally appropriate consultation, and FPIC where relevant. Good-faith negotiations, documented agreements, and participatory decision-making processes will ensure that concerns raised by IPs are integrated into project planning and implementation. FPIC will be required where projects activities may affect lands and natural resources under traditional ownership or customary use, involve relocation, affect cultural heritage, or involve the use of indigenous knowledge for commercial purposes.
59. The Coherent FPIC approach and processes, should ensure that IPs voluntarily provide or withhold consent for project activities affecting their lands, resources, livelihoods, or cultural heritage, in accordance with their customary decision-making processes and GCF IP Policy. The following checklist (Box 1) may assist in helping to determine whether some Project activities may require an FPIC process.

Box 1: Checklist for appraising whether an activity may require an FPIC Process

- | |
|--|
| <ol style="list-style-type: none"> 1. Will the activity adopt or implement any legislative or administrative measures that could affect the rights, lands, territories and/or resources of indigenous peoples (e.g., in connection with the development, utilization or exploitation of water or other resources; land reform; legal reforms that may discriminate de jure or de facto against indigenous peoples, etc.)? 2. Will the activity involve natural resource extraction such as logging or mining or agricultural development on the lands/territories of indigenous peoples? 3. Will the activity involve any decisions that will affect the status of indigenous peoples' rights to their lands/territories, resources or livelihoods? 4. Will the activity involve the accessing of traditional knowledge, innovations and practices of indigenous and local communities? 5. Will the activity affect indigenous peoples' political, legal, economic, social, or cultural institutions and/or practices? 6. Will the activity involve making commercial use of natural and/or cultural resources on lands subject to traditional ownership and/or under customary use by indigenous peoples? 7. Will the activity involve decisions regarding benefit-sharing arrangements, when benefits are derived from the lands/territories/resources of indigenous peoples (e.g., natural resource management or extractive industries)? 8. Will the activity have an impact on the continuance of the relationship of the indigenous peoples with their land or their culture? 9. Will the interventions/activities restrict on access to NTFPs, timber, lands, etc. and other sources of livelihoods and community resources? |
|--|

60. If the answer is 'Yes' to any of these questions in Box 1, it is likely that FPIC will be required of the potentially affected peoples for the specific activity that may result in the impacts identified in the questions. When an FPIC process is required, a stakeholder consultation process will need to be initiated to define and agree on an FPIC process. Affected IPs will play a central role in defining and implementing the FPIC process. Early consultations will ensure meaningful participation, with

affected communities identified through participatory screening and informed through culturally appropriate information disclosure. Community consent or non-consent will follow customary decision-making procedures and be documented through meeting records and community resolutions. Any disputes will be addressed through community and project grievance mechanisms. The PMU/AE with the support of ESS Expert will verify and document community consent and ensure FPIC outcomes are integrated into project design, mitigation measures, and benefit-sharing.

61. The project will also ensure that Indigenous Peoples have equitable access to project benefits, including livelihood opportunities, capacity-building programs, and participation in community-based initiatives. If required to address identified risks and impacts (such as exclusion, disruption of traditional land use, or access restrictions) an IPP will be prepared in accordance with Article 38 of the GCF Indigenous Peoples Policy. An IPPF outlining the guidelines and procedures for preparing the IPP is provided in Annex VI.
62. An Annex I screening checklist will guide the assessment process, including the identification of IPs' presence, land rights, cultural heritage considerations, and potential FPIC triggers. The checklist will help determine whether FPIC is required and guide the consultation process, covering staff capacity, community engagement protocols, understanding of project information, participation in project design and monitoring, GRM, and proper documentation of consent, in accordance with the GCF IPs Policy and relevant ESS requirements.
63. The assessment considers potential access restrictions, where project interventions such as restoration, plantations, or nature-based solutions may affect IPs' access to forests, grasslands, or other natural resources. Without adequate consultation, safeguards, or FPIC, these restrictions could lead to disputes, inequitable access, or disproportionate impacts on vulnerable groups. In line with the project's category C classification, no physical or economic displacement, whether temporary or permanent, will occur. Measures will focus on avoiding, mitigating adverse impacts through consultation, safeguards and FPIC, prioritizing land-based livelihoods, maintaining customary resource use, and ensuring fair and equitable distribution of project benefits.
64. Cultural heritage risks will be addressed by identifying and securing FPIC for the use of indigenous knowledge, innovations, or practices, with benefits shared appropriately. The project will maintain an accessible, transparent and confidential GRM to address concerns and complaints, including IPs-related and GBV/SEAH-related grievances, with special accommodations for vulnerable and disadvantaged groups including women, youth, and girls. The GRM will ensure that IPs can safely raise concerns and participate in resolving issues throughout project implementation. All the identified risks and impacts associated with IPs, Dalits and disadvantaged groups will be addressed by the appropriate mitigation measures mentioned per ESAP matrix (Section 6).

4.4 Gender Risk Assessment

65. GCF concept notes and funding proposals must include a gender assessment, alongside any required environmental and social assessments in line with the project's risk level, and a project-level GAP applying GESI lens. These should integrate analysis of contextual and sociocultural factors that contribute to climate change-exacerbated gender inequalities and promote the contributions of women and men of all ages to strengthen individual and collective climate resilience. The gender assessment will be conducted in accordance with the GCF Gender Policy¹¹ explicitly recognizing IPs, marginalized, and disadvantaged groups as priority social inclusion

¹¹ <https://www.greenclimate.fund/sites/default/files/document/gcf-gender-policy.pdf>

groups. The assessment will therefore ensure equitable participation, access, and benefits for IPs, women, youth, Dalits, the elderly, persons living below the poverty line, and other marginalized and vulnerable groups.

66. Key Steps:

- a. Data Collection:** Gather sex-, age-, and socially disaggregated data on direct and indirect beneficiaries using existing reports, community records, and secondary sources, including information on IPs and marginalized groups.
- b. Stakeholder Engagement:** Conduct inclusive, culturally appropriate consultations to understand barriers, needs, and priorities of women, youth, Dalits, IPs, elderly persons, and other marginalized groups, ensuring their meaningful participation.
- c. Identification of Gender and Social Barriers:** Assess social, economic, cultural, and institutional constraints that limit participation, access to project benefits, or decision-making power.
- d. Risk Assessment:** Evaluate potential gender and social inclusion risks, including low-level direct and indirect risks, such as minor inequities in participation or access, and define proportionate preventive measures.
- e. Gender-Responsive Action Planning:** Develop targeted actions, outputs, and indicators under the GAP to promote intersectional inclusion and ensure equitable benefit-sharing among IPs, women, youth, Dalits and other marginalized groups.
- f. Monitoring and Evaluation:** Establish basic gender- and inclusion-sensitive indicators to track participation, access to benefits, and outcomes, enabling adaptive management.
- g. Integration with Project Design:** Incorporate risks, barriers, and gender-responsive measures into project planning, implementation, monitoring and reporting processes.
- h. Capacity Building:** Provide basic training for project staff and partners on gender equality, social inclusion, and culturally appropriate engagement, including working with IPs and marginalized communities.
- i. Grievance Redress:** Ensure an accessible, inclusive, and confidential GRM, with safe channels for women, IPs and marginalized groups to raise concerns or grievances.

67. For this ESAP, the gender risk level is considered low, consistent with the requirements for category C project under the GCF framework. The methodology is therefore proportional to Category C project, emphasizing preventive measures, inclusive participation, and equitable access to project benefits. Despite the low-risk classification, the project ensures that gender equality and intersectional social inclusion particularly for IPs, women, youth, Dalits, and other marginalized groups are systematically integrated, and vulnerable groups are meaningfully involved throughout the project lifecycle.

4.5 Environmental and Social Management System Arrangements for Private Sector Involvement and financial intermediaries

68. The project may engage Micro, Small, and Medium Enterprises (MSMEs) to support climate-resilient value chains and local economic activities. The project will not channel through GCF proceeds through Financial Intermediaries (FIs) and will not provide sub-loan or sub-grants through FIs. All private sector activities supported by GCF resources will be implemented directly through MSMEs. Given that GCF proceeds will not be intermediated through FIs, assessment of FI environment and social management capacity is not applicable under this project. Engagement

with financial institutions, where relevant, will be limited to facilitating access to existing financial services outside the GCF financing structure. Even though GCF proceeds are only provided to MSMEs, the project remains responsible for ensuring that MSMEs implement environmental and social safeguards properly. All private sector activities supported by GCF resources will be implemented directly through MSMEs and governed by the project's Environmental and Social Management System (ESMS) procedures as part of the private sector engagement arrangements, aligned with the GCF RESP and IFC PS. The Indigenous Peoples Planning Framework (IPPF) (Annex-VI) will apply to all relevant private sector actor activities, including those involving MSMEs, and any applicable IPPs will be prepared and implemented to ensure that Indigenous Peoples' rights, lands, resources, and cultural heritage are respected.

69. All participating MSMEs will be required to apply ESMS procedures as part of the project's ESMS arrangements for private sector involvement. This will include environmental, social, and SEAH risk screening and categorization, application of the project Exclusion List, implementation of proportionate mitigation measures stakeholder engagement, and operation of GRM. Screening procedures will explicitly assess risks related to SEAH, as well as labour related risks, including potential child labour, forced labour, and informal or unregulated labour practices within MSMEs and NTFP supply chains, and whether project activities may adversely affect Indigenous Peoples' rights, lands, resources, or cultural heritage. Where such risks are identified, appropriate mitigation measures will be applied, including enforcement of execution criteria, adoption of supplier CoC, compliance with national labour laws, and alignment with IFC PS2 requirements on labour and working conditions. Mitigation measures will also include SEAH CoC, awareness training, and safe and confidential reporting channels. Where risks to IPs will identify an IPP will be prepared and disclosed in accordance with the IPPF prior to implementation of the activity. These requirements must be fulfilled prior to the disbursement of project funds and will be incorporated into contractual arrangements with participating MSMEs to ensure effective implementation and oversight by AE.
70. All MSME-supported investments will undergo preliminary environmental and social screening to confirm their *Category C/low level of intermediation (I3)* status. Activities assessed as moderate or high risk, or those included in the exclusion list (Annex-III), including those involving prohibited labour practices such as child labour or forced labour, will not be eligible for financing. Given the small-scale, community-based, and low-risk nature of eligible activities, no significant adverse environmental or social impacts are anticipated.
71. During implementation, a simple ESMS risk screening checklist will be developed and used by private sectors (MSMEs) and FIs to conduct self-assessments and formally declare the low level of intermediation (I3) of proposed activities prior to accessing project funds. Disbursement will be linked to milestone-based progress and demonstrated compliance with environmental and social safeguards, with funds released in instalments as appropriate. Compliance will be monitored through audits, spot checks, and corrective actions, with ESMS obligations embedded in contracts. Fiduciary, financial, and reputational due diligence will also form part of business plan appraisal and ongoing performance monitoring.
72. Responsibility for public disclosure and for ensuring social and environmental compliance of supported activities will rest with participating MSMEs, in accordance with national regulations and contractual obligations. Capacity-building is a core element, featuring pre-engagement orientation, periodic training, simplified guidelines, and designation of ESS focal points to coordinate with the PMU. The AE, in coordination with the EE, will provide proportionate training

and capacity building on ESMS implementation, stakeholder engagement, grievance handling, labour and working conditions, IPs safeguards and the prevention of GBV/SEAH risks.

73. A project-level GRM consistent with GCF requirements will apply to all private sector-supported activities. MSMEs will operationalize grievance procedures in line with national regulations, ensuring timely, confidential, and survivor-centered handling of all complaints, including GBV/SEAH, and indigenous peoples impacts, thereby ensuring accountability and compliance with the project's ESMS under a zero-tolerance approach.

5 Environmental and Social Risks and Impacts Analysis

5.1 Proposed Project Activities with Potential Risks

74. The proposed project will support limited, small-scale civil works to strengthen sustainable forest management, ecosystem restoration, watershed resilience, and climate-resilient livelihoods. Under Sustainable Forest Management (SFM), minor interventions such as firebreak establishment, small soil stabilization measures, and basic infrastructure for community forest patrols (targeting 50 community forests, ~1,000 ha, ~20 ha per forest), through site preparation, enrichment planting, assisted natural regeneration, and minor earthworks. The project will also implement NbS for watershed and land resilience at 200 climate-sensitive sites (~150 ha), including small soil and water conservation structures, micro-check dams, small gabion structures, erosion control measures, and slope stabilization planting. These structures will be micro-scale and low-height (generally less than 1–2 meters), constructed with locally available materials such as stones, boulders, bamboo, brushwood, or gabions in degraded forest areas, gullies, and erosion-prone slopes. They are designed for erosion control rather than water storage, will not require complex foundations or retain hazardous materials, and are not expected to create significant downstream flood risks or evolve into large dams during their operational life. To support sustainable forest-based livelihoods, the project will establish NTFP nurseries with small nursery beds, simple sheds, and basic water access facilities, and facilitate small-scale agro-product processing facilities for MSMEs, including minor construction or improvement of existing community or enterprise facilities and installation of equipment such as essential oil distillation or drying units. In addition, the project will establish 10 climate adaptation model sites featuring demonstration plots, raised beds, minor erosion control structures, and install community-based early warning system (CB-EWS) infrastructure in six municipalities, consisting of simple hazard monitoring equipment and communication tools. All interventions will remain community-led, localized, and will have no or minimal environmental or social risks and impacts.

5.2 Summary of Risks Identified in the Project

75. The summary of environmental and social risks and impacts of the project have been assessed against the IFC's PS (1-8), based on project-specific risk analysis. Only the inherent (pre-mitigation) risks are presented here, reflecting the natural baseline exposure to environmental, social, or operational risks before any safeguards, controls, or management actions are applied, in line with GCF RESP guidance:

Environmental Risks (PS 1, PS 3, PS 6):

- Minor and localized disturbances to forest ecosystems from small-scale SFM, restoration, agroforestry, NTFP/MAP value chains, and NbS interventions.
- Biodiversity sensitivity and cumulative ecological impacts in buffer zones and ecologically sensitive landscapes.

- Risk of maladaptation or negative environmental impacts from poorly designed climate- and ecosystem-based interventions (Check dam and NbS structures).
- Improper handling and disposal of organic/agrochemical waste from agroforestry, nurseries, and MSME activities, including dust, noise, soil, water, and energy use, leading to localized soil, water, or air pollution.
- Minor pollution, resource efficiency, and hazardous materials risks from construction, installation, operation, and disposal of small-scale facilities and solar-powered equipment (e.g., MSMEs), including batteries, panels, and inverters.
- Potential cumulative and indirect environmental impacts from NbS and MSME investments over time.
- Poor siting or design of Check dams could lead to localized soil erosion, water pollution, or minor habitat disturbance.

Social Risks (PS 1, PS 2, PS 4, PS 7, PS 8):

- Weak institutional capacity at municipal, community, and MSME levels to implement E&S safeguards consistently, screen risks, and integrate safeguards into operations.
- Fragmented grievance handling and reporting due to decentralized governance and informal tenure systems.
- Limited availability of trained E&S focal persons at LCFMG/CFUG and municipal levels.
- Occupational health and safety risks for field workers, nursery staff, and MSME workers, including minor accidents, unsafe work conditions, and exposure to hazards.
- Risk of injury or harm to community members if check dams fail or are poorly maintained. Potential minor disruptions to livelihoods or access to land/resources due to site placement or maintenance activities.
- Labor risks including underpayment, lack of written contracts or social protection, potential use of child or forced labor, and insufficient awareness of SEAH reporting channels.
- SEAH / GBV risks in remote and vulnerable communities if safeguards are weak.
- Risk of inequitable benefit sharing among vulnerable groups, including women, IPs, Dalits, and subsistence-dependent households.
- Limited participation of marginalized groups or elite capture in decision-making and governance at community and municipal levels.
- Potential disruption of traditional land use, pastoralist grazing routes, and limited influence of IPs in local decision-making.
- Unanticipated or undocumented impacts on intangible or physical cultural heritage sites, including sacred and spiritual sites.

Project-Specific / Operational Risks

- Weak institutional capacity for LAPA implementation, Community-Based Early Warning Systems (CB-EWS), and Disaster Risk Reduction (DRR) coordination.
- Risk of misinformation or low uptake of climate change communication by local communities.
- Potential minor community safety risks from field activities, small infrastructure, and worker movement.
- Risks associated with the design, siting, or operation of small-scale infrastructure in sensitive or community-managed areas.

76. Also, the summary of potential/anticipated E & S risks per IFC PS (PS 1–8) is presented below:

Table 6: Summary of potential impacts per PS

PS 1: Assessment and Management of Environmental and Social Risks and Impacts
Key Risks: <ul style="list-style-type: none"> Limited institutional capacity at municipal, community, and MSMEs levels to consistently apply E&S safeguards, monitor risks, and integrate safeguards into operational practices. Fragmented grievance handling due to decentralized governance and informal tenure systems. Potential gaps in systematic screening, documentation, and reporting of SEAH and GESI risks at local level.
PS 2: Labor and Working Conditions
Key Risks: <ul style="list-style-type: none"> Occupational health and safety (OHS) risks associated with small-scale forestry works, nurseries, NbS activities, and MSME operations. Labour supply chain risks including potential underpayment of workers, unsafe working conditions, absence of formal contracts, and inadequate access to social protection. Possible use of child labour or forced labour in community and MSMEs activities. Gaps in the application of national labour laws and international standards, and insufficient oversight for workers. Limited worker awareness of SEAH reporting and grievance channels.
PS 3: Resource Efficiency and Pollution Prevention
Key Risks: <ul style="list-style-type: none"> Improper handling of organic/ agrochemical inputs in agroforestry, NTFP/MAP processing, or MSME activities. Risks during small scale construction/operation of installations (noise, dust, water, and energy) Exposure to hazardous materials during installation and disposal of equipment (e.g., solar-powered units)
PS 4: Community Health, Safety, and Security
Key Risks: <ul style="list-style-type: none"> Minor community safety risks from field activities, small infrastructure (e.g., micro-check dam and other NbS structures), MSMEs operations, and movement of workers. Potential localized safety risks from small-scale check dams or erosion control structures, including failure if not properly designed or maintained. Absence of proportional emergency response measures during small civil works. SEAH/GBV risks in remote and vulnerable communities if safeguards are weak.
PS 5: Land Acquisition and Involuntary Resettlement
Key Risks: <ul style="list-style-type: none"> None for compulsory acquisition Statement <ul style="list-style-type: none"> The project does not involve land acquisition, physical and economical displacement, or involuntary resettlement. Activities will be implemented on voluntary, community-managed lands with respect for customary land use and community decision-making process, including those of IPs. Project interventions will avoid restricting access to natural resources that communities depend upon for their livelihoods.
PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
Key Risks <ul style="list-style-type: none"> Poorly planned small-scale SFM, restoration, agroforestry, NbS activities, and micro check dams or erosion control structures could cause minor, localized ecosystem disturbance in degraded forest landscape during construction or led to maladaptation if not properly designed.² Risk of overharvesting of native species if sustainable harvesting protocols are not followed.

<ul style="list-style-type: none"> Small-scale infrastructure (e.g., micro check dams and erosion control structures) in buffer zones may affect biodiversity if not carefully sited.
PS 7: Indigenous Peoples
Key Risks <ul style="list-style-type: none"> Potential exclusion or underrepresentation of IPs and remote ethnic groups in planning, benefit-sharing and project governanceInadequate culturally appropriate consultation FPIC application, and recognition of scared species or spiritually important forest or cultural sites.
PS 8: Cultural Heritage
Key Risks <ul style="list-style-type: none"> Low but existing risk of unanticipated impacts on undocumented or culturally significant heritage sites due to incomplete prior identification.

77. (Source: Own elaboration) In line with GCF RESP and assessed against the IFC PS (PS 1–8), the project's E & S risks (inherent risks) and impacts are found as low significance, localized, and manageable with the application of the mitigation measures. In addition, particular attention is given to ensuring the meaningful participation by women, IPs, and other marginalized groups, recognizing them as key stakeholders in project implementation. The assessed inherent risks will be address through targeted GESI measures, culturally appropriate engagement, and application of the ESAP to ensure equitable access to project benefits and strengthen participation in decision-making process.

6 Environmental and Social Action Plan (ESAP)

Summary of risks	Mitigation measures	Risk significance	Responsible party/person	Schedule	Expected results	Cost/Budget
<p>Minor and localized disturbance to forest ecosystems during small scale, community-managed SFM, restoration, NTFPs value chains, agroforestry and NbS activities</p> <p>(PS Alignments: PS1, PS6)</p>	<ul style="list-style-type: none"> Implement ecosystem-based and participatory SFM and NbS practices in already degraded community-managed lands, primary forests, protected areas (core and buffer zones) and critical habitats. Comply with sustainable harvesting protocols in line with approved CFOPs and buffer-zone regulations Capacity building for LCFMG/CFUGs and MSMEs on sustainable harvesting, post-harvest handling, and value addition Promotion of MAP & NTFP cultivation and domestication to reduce pressure on wild stocks Avoid heavy machinery and large earthworks Use only native, non-invasive species for plantation and restoration and avoid monocropping Apply phased restoration allowing natural regeneration Apply community-based forest fire prevention measures Periodic monitoring of ecosystem and habitat conditions to ensure no net biodiversity loss. 	<p>Probability:3 Impact:1 Risk: Low</p>	<p>PMU (ESS Expert); MOITFE; DFO; FCU/Sub-unit; LCFMG/CFUGs</p>	<p>Throughout project implementation</p>	<p>Forest quality, ecosystem health, connectivity, and resilience enhanced with no net biodiversity loss</p>	<p>Integrated into component/ activity budgets</p>
<p>Biodiversity sensitivity and cumulative ecological impacts in and around National Park (NP) buffer zones and ecologically sensitive landscapes due to poorly sited small-scale infrastructure</p> <p>(PS Alignments: PS6)</p>	<ul style="list-style-type: none"> Conduct site screening and E & S risk assessment prior to implementation to avoid sensitive habitats and high biodiversity value areas Coordination with NP authorities and Provincial and local forest management offices Limit infrastructure to micro-scale, nature-based structures designed for erosion control rather than water storage within the degraded forest landscape and community managed areas using native species with the culturally appropriate consultations with IPLCs Exclude all small-scale infrastructure from core and buffer zones of protected areas. Application of forest zoning (core, protection, and production zones) at community forest level to guide interventionsMinimize vegetation clearing and habitat 	<p>Probability:2 Impact:2 Risk: Low</p>	<p>PMU (ESS Expert t); Forest Authorities; MOITFE; CFMGs; M &E Team</p>	<p>Design and implementation phases; Annual and mid-term reviews</p>	<p>Small-scale interventions implemented with minimal ecological disturbance and no net loss of biodiversity ; fully managed environmental impacts</p>	<p>Integrated into component/ activity budgets and Consultant's and professional contractual service cost</p>

Summary of risks	Mitigation measures	Risk significance	Responsible party/person	Schedule	Expected results	Cost/Budget
	<p>modification to ensure only minor ecological disturbance, maintaining no net loss of biodiversity</p> <ul style="list-style-type: none"> Conduct periodic environmental and biodiversity monitoring and apply adaptive management and corrective actions as required. Documentation of findings and actions in project progress and ESS reports 					
<p>Minor pollution, resource efficiency, and hazardous materials risks from construction and operation of small-scale facilities and solar-powered equipment (e.g., MSMEs), including dust, noise, waste, water and energy use, and risks from installation, handling, and disposal of components such as batteries, panels, and inverters.</p> <p>(PS Alignments: PS3, PS2)</p>	<ul style="list-style-type: none"> Screen all small-scale facilities and solar installations for E&S risks prior to approval Limit all MSME and solar equipment interventions to already modified or community managed landscape; exclude forests, primary forests, and protected areas (core and buffer zones) Apply good practices: dust and noise control, waste management, and efficient water use Promote energy-efficient technologies, including solar systems Ensure proper waste segregation, reuse, and safe disposal; prohibit open burning Procure certified equipment from authorized suppliers Train MSMEs/users on safe installation, handling, storage, and maintenance Use appropriate PPE during installation and maintenance Ensure safe storage and handling of batteries and hazardous components Prohibit unsafe dismantling and informal recycling Promote and implement end-of-life measures (take-back, authorized recycling/disposal) Include hazardous waste provisions in ESMS and contracts Monitor compliance with safe handling and disposal practices 	<p>Probability: 2 Impact: 2 Risk: Low</p>	PMU (ESS Expert); MSMEs; Suppliers; Local Governments	Prior to installation and throughout operation	Safe installation, use, and disposal of solar equipment with no adverse environmental or health impacts	Integrated into MSME support, equipment procurement, and training costs
Occupational Health and Safety (OHS), labour, SEAH, and supply chain risks to community members engaged	<ul style="list-style-type: none"> Basic OHS orientation and awareness Use of simple PPE (gloves, boots, masks as needed) Maintain first-aid preparedness at community level Prohibition of hazardous chemicals and heavy machinery Safe handling and disposal of agricultural inputs and containers 	<p>Probability:4 Impact:1 Risk: Low</p>	PMU (Safeguard and Procurement team) Implementing Partners; FCU/Sub-unit; MSMEs	Prior to and during field activities	Safe working conditions and minimized accident risks	Integrated into essential inputs and equipment cost

Summary of risks	Mitigation measures	Risk significance	Responsible party/person	Schedule	Expected results	Cost/Budget
in forestry, nurseries and MSME workers (PS Alignments: PS2, PS4)	<ul style="list-style-type: none"> • Compliance with national labor laws • No child or forced labor • Worker and MSME safe work protocols • Mandatory SEAH CoC • Awareness and confidential reporting channel 					
Risk of inequitable benefit sharing among vulnerable and marginalized groups and livelihood impacts due to temporary and voluntary access restrictions (PS Alignments: PS7, PS1)	<ul style="list-style-type: none"> • Inclusive targeting criteria prioritizing women, IPs, Dalits, poor and subsistence-dependent and vulnerable households • Preparation and implementation of GAP with sex-disaggregated targets and indicators. • Transparent and participatory selection of beneficiaries, producers' groups and enterprises. • Measures to recognize and protect traditional knowledge, documented with consent, and equitable and transparent benefit-sharing mechanisms • Preparation and implementation of an IPPF/IPP, where required. • Culturally appropriate consultations with potentially affected IPLCs following FPIC principles/processes where applicable. • Avoidance of restrictions on customary practices and resource use without consent and agreed alternativesDesign livelihood-sensitive interventions to avoid access restrictions; any voluntary, temporary adjustments in resource use will be made through community-led decision-making and supported by appropriate alternatives to prevent livelihood and economic impacts. • • Develop and implement FPIC guidelines consistent with the GCF IPs Policy • Capacity building for project staff, partners, and community institutions on IPs safeguards, culturally appropriate engagement, FPIC processes, and GESI integration. • M & E of gender and social inclusion indicators including IP's participation and equitable benefit sharing. 	Probability:3 Impact:1 Risk: Low	PMU (ESS Expert); Local Governments; CFMGs/community groups	Project inception and throughout	Equitable access to livelihoods, services, and project benefits; Community empowerment; Implementation of an IPPF/IPP	Integrated into GAP implementation cost as well as cost for M & E

Summary of risks	Mitigation measures	Risk significance	Responsible party/person	Schedule	Expected results	Cost/Budget
	<ul style="list-style-type: none"> Clear documentation that economic displacement is excluded, with management of any temporary or voluntary access changes in alignment with ESS risk category C. 					
<p>Limited community participation or elite capture in decision-making and inadequate stakeholder engagement</p> <p>(PS Alignments: PS1, PS7)</p>	<ul style="list-style-type: none"> Participatory planning and decision-making processes throughout the project cycle Apply Culturally appropriate engagement and application of FPIC principles where applicable Differentiated engagement approaches for women, youth, elderly, persons with disabilities, and IPs (if any) Prior informed community consultations and social mobilization Early engagement with MSMEs and private sector actors Ensure CFUG governance including IPs, women, and marginalized groups via leadership quotas. Disclosure and operationalization of functional GRM at community and municipal levels Zero tolerance and code of conduct on SEAH communicated to all partners 	<p>Probability:3</p> <p>Impact:1</p> <p>Risk: Low</p>	PMU; Local Governments and ward committees; CFMGs; Local NGOs/CBOs	Planning and implementation phases	Inclusive, accountable, and participatory local governance and community ownership strengthened	Integrated into trainings cost
<p>Risk of maladaptation and environmental impacts from poorly designed climate and NbS interventions</p> <p>(PS Alignments: PS1, PS3)</p>	<ul style="list-style-type: none"> Climate- and ecosystem-risk screening of all NbS interventions during design Use of native, non-invasive, and climate-resilient species only Avoidance of monoculture plantations and promotion of diversified, ecosystem-based approaches Technical oversight and backstopping for NbS, rangelands and model sites by qualified forestry and climate experts Climate-risk-informed planning, including flood, landslide, drought and extreme weather risks Alignment with LAPAs Technical review and adaptive management based on monitoring of ecosystem performance 	<p>Probability:2</p> <p>Impact:2</p> <p>Risk: Low</p>	PMU (Technical & ESS Expert); Climate and Forestry Technical Experts; DFO; CFMGs	Design & roll-out	Context-appropriate, climate-resilient interventions with no maladaptation	Integrated into professional contractual services and training

Summary of risks	Mitigation measures	Risk significance	Responsible party/person	Schedule	Expected results	Cost/Budget
Minor community safety and environmental risks associated with small-scale check dams or erosion control structures (PS Alignments: PS4, PS1, PS 6)	<ul style="list-style-type: none"> • Ensure all check dams are micro-scale, low-height (<2 m height) using locally available materials (boulders, bamboo, brushwood, or gabions), primarily in degraded forest areas, gullies, and erosion-prone slopes and designed for erosion control rather than water storage. • Select sites to avoid settlements, primary forests, protected areas (core and buffer zones), roads, and downstream critical infrastructure, while prioritizing the already modified and actively used agricultural areas • Conduct site-specific geotechnical screening to avoid high risk and unstable slopes using site-specific geotechnical screening • Apply simple designs following Good International Industry Practice (GIIP) with technical review by qualified forestry/engineering personnel prior to construction • Community awareness on safe construction and routine maintenance • Periodic inspection after heavy rainfall events • Establish simple emergency response procedures 	Probability: 2 Impact: 2 Risk: Low	PMU (Technical and ESS Expert); Local Governments; DFO; Community Forest Groups	Design and implementation phases	Safe construction and operation of erosion control structures with minimal safety risks	Included in activity budget and Consultants salary
Weak institutional capacity for LAPA implementation, Community-Based Early Warning Systems (CB-EWS) operation and Disaster Risk Reduction (DRR) coordination (PS Alignments: PS1, PS4)	<ul style="list-style-type: none"> • Capacity-building and hands-on technical support • Support for LAPA formulation, budgeting, implementation, and monitoring • Establishment and linkage of CB-EWS with existing government and provincial climate information systems • Community awareness on CB-EWS use 	Probability:3 Impact:1 Risk: Low	PMU; Municipal Governments; DRR Committees; FCU/Sub-unit	Outcome 2 implementation period	Enhanced adaptive capacity and planning, with functional adaptation and disaster risk reduction (DRR) systems in place	Integrated into activity budget and training cost
Limited institutional and technical capacity of MSMEs, CFUGs, and municipalities to implement ESS requirements, including ESMS	<ul style="list-style-type: none"> • Mandatory E&S screening, categorization, mitigation, contractual safeguards, and exclusion list for MSMEs • Targeted training on safeguards, stakeholder engagement, GRM, SEAH, with ongoing PMU/ESS support • Designation of ESS focal persons within CFUGs, MSMEs and supervision by PMU ESS Expert 	Probability:3 Impact:1 Risk: Low	PMU (ESS Expert); Implementing Partners; MSMEs; MSME focal points	Prior to MSME engagement and throughout implementation	Enhanced institutional capacity of local governments, communities, and MSMEs to effectively implement ESS requirements;	Integrated into activity budgets, training, and professional/technical support costs

Summary of risks	Mitigation measures	Risk significance	Responsible party/person	Schedule	Expected results	Cost/Budget
application, screening, monitoring, and reporting (PS Alignments: PS1)	<ul style="list-style-type: none"> Regular monitoring, reporting, compliance-linked disbursement, and periodic audits Functional, confidential grievance mechanisms at MSME level, including SEAH handling 				reduced risk of E&S non-compliance	
Risk of misinformation or low uptake of climate change communication (PS Alignments: PS1, PS3)	<ul style="list-style-type: none"> Development and dissemination of culturally appropriate, locally relevant communication materials in local languages Engagement of schools, youth groups, community radios, and local media Culturally appropriate, and participatory communication and outreach approaches 	Probability:3 Impact:1 Risk: Low	PMU; Provincial Government; Local Media	Outcome 3 implementation period	Increased climate awareness, knowledge, and behavior change	Integrated into activity cost to produce communication materials and outreach activity
Gender based Violence (GBV)/Sexual Exploitation, Abuse and Harassment (SEAH) risks in remote and vulnerable communities (PS Alignments: PS4)	<ul style="list-style-type: none"> GBV/SEAH risk screening and implementation of a Prevention and Response Action Plan Mandatory CoC for all project actors (including workers and users groups) Inclusion of SEAH clauses in contracts Mandatory SEAH compliance requirements for MSMEs and partners. Awareness raising on zero-tolerance policy Mandatory obligations to report suspected SEAH incidents Confidential, survivor-centered reporting and referral pathways integrated into GRM 	Probability:3 Impact:1 Risk: Low	PMU (ESS Expert; External gender Expert); Implementing Partners; Local Governments; NGOs/CBOs	Prior to implementation and throughout	Inclusion and effective implementation of CoC and SEAH-related clauses in contract documents, Reduced SEAH incidents and enhanced safe, respectful project environment	Integrated into risks screening cost, trainings cost and in kind supports
Potential community grievances related to project activities (e.g., ESS, MSMEs, access restrictions, or SEAH) (PS Alignments: PS1, PS4)	<ul style="list-style-type: none"> Establishment of simple, accessible GRM at community and municipal levels Clear procedures for grievance submission, documentation, response, feedback and SEAH reporting pathways Disclosure of ESAP measures and Project's GRM procedures at community and municipal levels and GCF Independent Redress Mechanism shall be made available to the project stakeholders Awareness raising on GRM use 	Probability:5 Impact:1 Risk: Low	PMU (GRM Focal Person); Local Governments; LCFMG/CFUGs	From project start and throughout	Timely resolution of grievances and strengthened community trust	In-house / in-kind + training cost

Summary of risks	Mitigation measures	Risk significance	Responsible party/person	Schedule	Expected results	Cost/Budget
Cumulative and indirect environmental and social impacts from NbS and MSME investments over time (PS Alignments: PS1, PS6)	<ul style="list-style-type: none"> Periodic ESS screening and monitoring of project activities, NbS and MSME investments Mid-term and annual reviews Document and disclose the outcomes of consultations with IPs, including their feedback on cumulative and indirect impacts of NbS, to inform and guide project design. Corrective actions and adaptive management as required Documentation of findings and actions in ESAP and project progress reports 	Probability:2 Impact: 2 Risk: Low	PMU (ESS Expert & M&E Teams)	Annual and mid-term reviews	No unanticipated or unmanaged cumulative environmental or social impacts	Integrated into Professional contractual services for risk screening
Unanticipated disturbance or damage to undocumented or intangible cultural heritage sites during civil works or field activities (PS Alignments: PS8)	<ul style="list-style-type: none"> Screening prior to implementation Culturally sensitive consultations Simple Chance finds procedures included for unidentified sacred, historical, or intangible cultural heritage during site works (Annex-VII) 	Probability:2 Impact:1 Risk: Low	PMU (ESS Expert); Local Governments; CFMGs	During civil works & field activities	Protection of cultural heritage; minimal disturbance to undocumented sacred sites; Simple chance find procedures will be established and implemented	Integrated into activity budget

**Risk significance. The probability of occurrence is the likelihood for a risk to occur and can be characterized in terms of the degree to which it will happen (for example, the UNDP screening procedure uses “expected, highly likely, moderately likely, not likely, and slight”). The impact or magnitude of risks is the description of how severe the impacts would be if it were to occur (for example, “critical, severe, moderate, minor, and negligible”). A significance value of the risk (for example low, medium, high) can be obtained by combining the probability and impact values. The risk significance indicates the relationship between probability and severity or magnitude of impacts. The entities or organizations that will be implementing the proposed activities are best positioned to define the probability of occurrence and severity or magnitude of impacts.*

There is no single technique to determine the significance of risks nor will it apply in all situations. The entities and organizations that will be implementing the activities will need to determine which technique will work best for each situation. Determining risk significance would require an understanding of activities and locations, the urgency of situations, and objective judgment.

78. Residual risks will be managed through the project's ESAP, including ESMS implementation, GRMs, and mitigation measures. The assessment recognizes IPs as key stakeholders within the project area and emphasizes the importance of inclusive participation and culturally appropriate engagement throughout project planning, implementation, and monitoring. The project will respect customary institutions, traditional knowledge systems, and community decision-making processes, ensuring that IPs and other marginalized groups are meaningfully involved in project activities and benefit-sharing mechanisms. The project does not involve land acquisition, physical displacement, or economic displacement, whether temporary or permanent. With the implementation of the ESAP, all identified risks are expected to be low, and manageable, consistent with the project's Category C classification under GCF SAP requirements.

7 SEAH Risk Mitigation Measures

79. The project adopts a structured approach to prevent, monitor, and respond to SEAH risks, fully aligned with GCF requirements. SEAH mitigation measures are embedded within the project's Environmental and Social Action Plan (ESAP) and include capacity building, community awareness, grievance management, contractual provisions, operational and institutional strengthening, and systematic monitoring as describing below:

80. The project adopts a structured approach to prevent, monitor, and respond to SEAH risks, fully aligned with GCF requirements. SEAH mitigation measures are embedded within the project's Environmental and Social Action Plan (ESAP) and include capacity building, community awareness, grievance management, contractual provisions, operational and institutional strengthening, and systematic monitoring as describing below:

81. Capacity Building and Training: The project will provide training and awareness-raising activities on SEAH prevention, gender equality, and respectful community engagement for project staff, implementing partners, contractors, MSMEs, community members, project beneficiaries, and local stakeholders, women's group, youth groups, including members of LCFMGs/CFUGs. Training will cover recognition of SEAH risks, adherence to CoC, safe reporting procedures, and survivor-centered response mechanisms, and will be integrated into community awareness campaigns, local climate risk dialogues, and climate services activities. Awareness activities will emphasize the project's zero-tolerance policy on SEAH, and mandatory orientation, refresher sessions, and capacity-building programs will strengthen the ability of all stakeholders to identify, prevent, report, and respond effectively to SEAH risks.

82. SEAH-Specific GRM: A confidential and survivor-centered GRM will be established specifically for SEAH complaints. It will be managed by trained personnel with gender and psychosocial expertise and will include accessible entry points such as trusted community intermediaries, mobile reporting lines, and radio sensitization. Complaints will be addressed promptly, typically within 10 days, with escalation to national oversight bodies as needed. SEAH-related grievances will remain accessible through the GCF's Independent Redress Mechanism (IRM) even after project closure.

83. Information Dissemination and Survivor Support: Culturally appropriate materials, including flyers, posters, and pictorial tools for low-literacy audiences, will communicate SEAH prevention messages. These messages will also be integrated into broader project communication campaigns on rights, resilience, and climate services. The project will

support the dissemination of information on the nearest service providers and the immediate contact point for incidents reporting. Referral pathways will be established with local service providers, including medical care, psychosocial support providers, legal assistance organizations, community driven protection measures to facilitate timely and survivor-centered support and reintegration. In remote areas where services may be limited, the project will collaborate with local government authorities and civil society organizations to strengthen referral mechanisms and ensure timely access to available support services. For the mapping of GBV service providers there is a GBV service provider mapping by the region available at the National level (<https://nwchelpine.gov.np/service-mapping#>) maintained by the National Women's Commission, Nepal. This was developed with the World Bank (WB) support in 2017 and includes a list of NGOs/CSOs providing GBV services across the country. This is a live document and is updated on a periodic basis to ensure functionality of the services. This will provide as a reference for the counterpart to contact for support in case of need for SEAH related grievances and/or issues. In addition, the project will disseminate information on the GBV toll-free hotlines such as “*Khabar Garau*” (1145) to ensure community members are aware of available reporting and support services. Besides, the project will also provide training to project beneficiaries, community members, and relevant stakeholders on the use of confidential and survivor-centred GRM, including established protocols for reporting serious incidents.

84. Operational and Institutional Strengthening: The project will strengthen institutional and operational systems to prevent and respond to GBV/SEAH risks, particularly in remote and vulnerable communities. The project will collaborate with relevant ministries, local protection committees, and civil society organizations to strengthen institutional capacities and ensure policy alignment for SEAH prevention and response. Gender audits and capacity assessments will be conducted to identify institutional vulnerabilities and strengthen safeguard system. Operationally, SEAH risk screening will be integrated into environmental and social assessments and activity-level planning, while targeted capacity-building initiatives will support implementing partners and local stakeholders to effectively prevent, identify, and respond to SEAH risks throughout project implementation.
85. Contractual Provisions and institutional Accountability: To mitigate GBV/SEAH risks, particularly in remote and vulnerable communities, the project will incorporate specific SEAH provisions into all contracts, partnership agreements, and financing arrangements to reinforce accountability across the implementation chain. All project actors including implementing partners, MSMEs, financial intermediaries, workers, and community user groups will be required to comply with mandatory CoC that explicitly prohibit SEAH and will require respectful and non-discriminatory behaviour toward beneficiaries as well as mandatory reporting of the suspected SEAH incidents through designated reporting channels. Contractual agreements will require adherence to SEAH prevention and response standards, immediate reporting of suspected or confirmed SEAH incidents through established project reporting channels, participation in mandatory SEAH awareness and training programs, and compliance with defined sanctions for non-compliance, including disciplinary action or termination of contracts. Contractors and partners will also be required to ensure that these SEAH provisions are incorporated into all subcontracts and operational agreements, and that all workers formally acknowledge and sign the Code of Conduct confirming their understanding of SEAH prohibitions,

reporting obligations, and accountability requirements, thereby ensuring compliance with project safeguard standards across all implementing entities.

86. **Monitoring, Reporting, and Adaptive Management:** A dedicated SEAH monitoring mechanism will be integrated into the project's ESMS and Monitoring and Evaluation (M & E) framework. This monitoring system will track SEAH risks, effectiveness of mitigation measures, training and awareness activities, outreach events, communication materials distributed, and the functionality and accessibility of the GRM, including confidential monitoring of complaints received and resolved. SEAH-related indicators will be included in the project monitoring and reporting framework. The ESS Expert and M & E Expert will oversee the monitoring process and ensure that all SEAH grievances are handled confidentially and in accordance with survivor-cantered principles and GCF SEAH Policy requirements. Annual performance reviews will include consultations with beneficiaries, especially women, youth, and other vulnerable groups, to gather feedback on the safety and inclusiveness of project activities and complaint systems. Mid-term and final evaluations will incorporate independent assessments of SEAH risks and mitigation effectiveness.
87. **Reporting and Learning:** Progress on SEAH prevention and response will be reported in the project's APR to the GCF, aligned with indicators under GAP and ESAP. Summaries of monitoring findings and actions taken will be shared with relevant stakeholders. Any SEAH incidents will be reported in accordance with the GCF's SEAH incident reporting protocol, ensuring confidentiality and survivor-centered handling approach, while survivors retain the right to access the GCF IRM if unsatisfied with the response. Lessons learned from SEAH risk monitoring, grievance handling, and mitigation effectiveness will inform adaptive improvements during implementation and will be documented in the APR and final evaluation report.
88. **Post-Project Accountability:** SEAH-related complaints may still be submitted to the GCF's IRM after project closure. The SEAH-specific grievance procedures are detailed in Annex-V of this ESAP.

8 Monitoring and Reporting

89. The project adopts a robust Monitoring and Evaluation (M&E) mechanism to ensure the effective implementation of Environmental and Social Action Plan (ESAP) safeguards, including ecosystem protection, community health and safety, gender and social inclusion, and SEAH risks management. Monitoring will track both compliance with mitigation measures and progress against key performance indicators, including indicators related to SEAH awareness, training, and grievance management. The participation of IPs organizations in implementation, consultation, and FPIC processes will be tracked as a key indicator. Reporting will clearly distinguish between engagement and formal consultation activities, documenting outcomes, feedback received, and follow-up actions. Monitoring reports will be shared with the Accredited Entity (AE), IP organizations, and relevant stakeholders to ensure transparency, accountability, and adaptive management of IP-related interventions.

Environmental and Social Safeguards:

90. The ESAP includes specific measures to prevent, mitigate, and manage environmental and social risks, such as minor ecosystem disturbances, biodiversity impacts, occupational health and safety, resource efficiency, and community safety. Monitoring of these safeguards will involve:

- Regular field inspections and participatory monitoring with LCFMG/CFUGs, MSMEs, and local authorities to ensure compliance with sustainable harvesting, restoration, agroforestry, and NbS practices.
- Periodic environmental and biodiversity assessments in sensitive areas, including NP buffer zones, to track ecosystem health, connectivity, and resilience.
- Adaptive management to address any emerging environmental or social risks, with corrective actions documented in project reports.
- Integration with project activities budgets to ensure adequate resources for mitigation measures.

Gender and Social Inclusion (GESI) Monitoring:

91. The project prioritizes equitable participation and benefits for women, Indigenous Peoples, marginalized groups, and vulnerable households. M&E will ensure transparency in beneficiary and enterprise selection, proper recognition of traditional knowledge with consent, and regularly assesses community perceptions of inclusion, consultation, and decision-making participation. M&E activities include:

- Tracking inclusive participation in project planning, decision-making, and benefit-sharing.
- Monitoring implementation of Gender Assessment and Action Plans (GAP) with sex- and age-disaggregated targets.
- Ensuring transparency in selection of beneficiaries and enterprises, and proper recognition of traditional knowledge with consent.
- Regularly assessing community perceptions of inclusion and participation in consultations, leadership, and decision-making structures.

SEAH (GBV/SEAH) Monitoring:

92. A dedicated SEAH monitoring mechanism is embedded in the ESAP to ensure a survivor-centered, preventive and accountable approach:

- Monitoring implementation of SEAH mitigation actions, including training, CoC, awareness campaigns, and community dialogues.
- Tracking key indicators such as number of personnel trained, outreach events conducted, communication materials distributed, functionality and accessibility of grievance mechanisms, and complaints received and resolved while maintaining confidentiality.
- Annual consultations with women, youth, and other vulnerable groups to assess perceived safety and inclusiveness of project activities.
- Mid-term and final evaluations will include independent assessment of SEAH risks, mitigation effectiveness, and lessons learned.

- All SEAH incidents will follow confidential reporting through the project GRM and the GCF incident reporting protocol, with continued access to the GCF independent review mechanism even after project closure.

Grievance Redress Mechanism (GRM):

93. The project-level GRM, as detailed in Annex-V, will be systematically monitored by the PMU under NTNC, with technical support from the ESS and regular inputs from the FCU its sub-unit. A simple, accessible, and transparent GRM will be operational at community, municipal, and project levels, covering all project-related grievances, including sensitive cases such as GBV/SEAH, in line with survivor-centred and confidential procedures.
94. Monitoring of the GRM will focus on key performance indicators consistent with the GCF RESP. All grievances will be recorded in a centralized grievance management system with standardized documentation maintained at each level. Periodic grievance status reports will be consolidated and reviewed during project coordination meetings to identify trends, systemic risks, and required corrective actions.
95. GRM monitoring will include:
- Tracking the number, type, status, and resolution of grievances, including escalation and appeal cases
 - Monitoring timeliness of response, accessibility, resolution rates, and effectiveness of corrective actions
 - Assessing user feedback and complainant satisfaction, while ensuring confidentiality, particularly for GBV/SEAH cases
 - Using disaggregated data (by stakeholder group, gender, and location, where appropriate and safe) to assess inclusiveness and equity.
96. GRM performance will be reported through the project's regular monitoring and reporting framework, including quarterly and annual reports and the APR submitted to the GCF. Awareness-raising activities such as community consultations, trainings, public disclosures, and information materials will be conducted throughout the project lifecycle to ensure all stakeholders are informed about the GRM and how to access it. Lessons learned from monitoring, stakeholder feedback, and reviews will inform annual updates to the GRM to ensure continuous improvement, accountability, and alignment with national systems and GCF requirements.

Reporting and Adaptive Management:

97. To ensure effective oversight and continuous improvement, the project will apply a structured reporting and adaptive management approach in line with GCF requirements:
- Progress on environmental, social, GESI, and SEAH safeguards will be reported in the APR to the GCF.
 - Findings from periodic reviews, mid-term evaluations, and annual monitoring will inform adaptive management, including adjustments to mitigation strategies, budget allocation, or additional stakeholder engagement if required.

- Documentation of all monitoring results, corrective actions, and lessons learned will be maintained in the ESAP and project progress reports to ensure transparency and accountability.

98. This integrated M&E approach ensures that all environmental and social safeguards, GESI considerations, and SEAH mitigation measures are effectively implemented, tracked, and improved throughout the project lifecycle, fostering safe, inclusive, and resilient community outcomes.

9 Annexes

9.1 Annex-I: E & S + SEAH Screening Checklist

Part A: Risk Factors

99. Please indicate your answers to the questions below and provide an explanation on the response selected. In cases when the TBD response has been selected, please explain briefly why you are not able to determine now and when in the project cycle the question will be addressed.

100. If the criteria is not applicable to the project you may write N/A in the justification box.

Risk Factors	YES	NO
Will the activities involve associated facilities and require further due diligence of such associated facilities?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<i>Please provide a justification of your answer:</i> No major associated facilities will need to be constructed and upgraded. Project will use existing facilities such as trainings halls, forest nurseries, etc.		
Will the activities involve trans-boundary impacts including those that would require further due diligence and notification to affected states?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<i>Please provide a justification of your answer:</i> Project areas lie inside Nepal's boundaries. Hence no transboundary impacts of any magnitude, extent and duration is expected to arise as a result of project implementation.		
Will the activities adversely affect working conditions and health and safety of workers or potentially employ vulnerable categories of workers including women and children?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<i>Please provide a justification of your answer:</i> Project activities are designed to enhance the livelihoods of vulnerable communities, including Indigenous Peoples (IPs), women, and children, through climate change adaptation interventions. Since the project does not involve major construction activities, it will not pose significant occupational health and safety risks to workers nor employ vulnerable categories of workers such as women and children in hazardous conditions. Additionally, all activities will adhere to national labor laws and international labor standards to ensure fair working conditions and prevent exploitative labor practices.		
Will the activities potentially generate hazardous waste and pollutants including pesticides and contaminate lands that would require further studies on management, minimization and control and compliance to the country and applicable international environmental quality standards?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<i>Please provide a justification of your answer:</i> No, the project activities will not generate hazardous waste or pollutants, including pesticides, that would require further studies. It will adopt nature-based solutions to enhance land productivity, improve water quality, and support green enterprises. Agroforestry and livelihood activities will prohibit synthetic pesticides and fertilizers, promoting organic practices and integrated pest management, using synthetic pesticides only as a last resort per national and international standards.		
Will the activities involve the construction, maintenance, and rehabilitation of critical infrastructure (like dams, water impoundments, coastal and river bank infrastructure) that would require further technical assessment and safety studies?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<i>Please provide a justification of your answer:</i> Project will not have the construction, maintenance and rehabilitation of critical infrastructure such as dams and water impoundments works. Therefore, it will not require further assessment and safety studies.		
Will the proposed activities potentially involve resettlement and dispossession, land acquisition, and economic displacement of persons and communities?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<i>Please provide a justification of your answer:</i> No, the project will not involve resettlement, dispossession, land acquisition, or economic displacement. It focuses on community forest management and NTFP promotion (especially MAPs) with active local participation. Some activities may occur on private lands with landowner consent. While communities may voluntarily impose temporary resource use restrictions-without affecting customary or traditional access to resources these measures are intended to enhance ecosystem services and will not significantly impact local livelihoods as guided by their own implementation plan.		
Will the activities be located in or in the vicinity of protected areas and areas of ecological significance including critical habitats, key biodiversity areas and internationally recognized conservation sites?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i>		

<p>The project will not take place in the core zones of the protected areas in Karnali Province. Activities will be conducted in buffer zones, in accordance with regulations that allow sustainable resource use by local communities. These zones are not classified as critical habitats or key biodiversity areas. The project will focus on reforestation, unforested, or previously converted lands, ensuring no net biodiversity loss, in line with IFC PS6 Guidelines (Paragraph 26). Mitigation measures, including screening, risk assessment, and management, will be outlined in the ESAP to prevent biodiversity impacts.</p>		
<p>Will the activities affect indigenous peoples that would require further due diligence, free, prior and informed consent (FPIC) and documentation of development plans?</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<p><i>Please provide a justification of your answer:</i></p> <p>The project will benefit IPs and local communities by implementing activities they have identified to enhance their well-being. As a Simplified Approval Process (SAP) project, FPIC is generally not applicable, and the project does not require FPIC under Section 7.2 of the GCF's IP Policy, as it does not have adverse impacts on IPs. Therefore, additional due diligence, FPIC agreements, or documentation of development plans are not necessary.</p> <p>For instance, the project will foster business opportunities for Indigenous and local communities, including agro-product processing and NTFP-based MSMEs, with their active participation in co-design. If these activities take place on private land, landowner concurrence will be required. Additionally, prior informed consultations will be held throughout the project cycle, including for site selection, stakeholder engagement, and the selection of native species for agroforestry to improve IPs' livelihoods.</p>		
<p>Will the activities be located in areas that are considered to have archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values or contains features considered as critical cultural heritage?</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<p><i>Please provide a justification of your answer:</i></p> <p>Project activities will not be located in areas with archaeological, paleontological, historical, cultural, artistic, or religious value, nor will they disturb critical cultural heritage sites, including tangible cultural resources such as monuments and artifacts. Local beliefs and practices regarding culturally significant trees, animals, and natural features-intangible cultural resources-will be respected, with measures in place to minimize impacts and ensure alignment with IPs' cultural values.</p>		

Part B: Specific environmental and social risks and impacts

Assessment and Management of Environmental and Social Risks and Impacts	YES	NO	TBD
Has the E&S risk category of the project been provided in the concept note?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has the rationale for the categorization of the project been provided in the relevant sections of the concept note?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are there any additional environmental, health and safety requirements under the national laws and regulations and relevant international treaties and agreements?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p><i>Please provide a justification of your answer:</i></p> <p>The project will not involve any large-scale construction activities. It is a low-risk project. It does not trigger any social and environmental risks as prescribed in the national laws of Nepal.</p>			
Are the identification of risks and impacts based on recent or up-to-date information?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><i>Please provide a justification of your answer:</i></p> <p>Risk and impact identification and assessment drew on recent studies, primary and secondary data, multi-level stakeholder consultations, and the Ministry of Forests and Environment's sectoral and overall Vulnerability and Risk Assessment Report (2021).</p>			
Labour and Working Conditions	YES	NO	TBD
Will the activities potentially have impacts on the working conditions, particularly the terms of employment, worker's organization, non-discrimination, equal opportunity, child labour, and forced labour of direct, contracted and third-party workers?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p><i>Please provide a justification of your answer:</i></p> <p>The project does not involve major works or labor-intensive activities that could adversely affect working conditions. All direct, contracted, and third-party workers will be engaged in accordance with national labor legislation and the executing agency's environmental and social management policies, covering terms of employment, workers' organization, non-discrimination, equal opportunity, and the prohibition of child and forced labor.</p>			
Will the activities pose occupational health and safety risks to workers including supply chain workers?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p><i>Please provide a justification of your answer:</i></p> <p>Project activities, including Micro, Small, and Medium Enterprises (MSME) operations; nature-based solutions (NbS) such as terrace formation, slope stabilization, and check dams; and early warning systems, are not expected to pose significant occupational health and safety (OHS) risks to workers, including supply chain personnel. The scale, footprint, and average landholding size of these interventions are relatively small, and they are designed to minimize physical and chemical hazards, with agroforestry and other value chains excluding harmful chemicals. Nevertheless, all MSME investments will be assessed for potential OHS risks, and appropriate mitigation measures will be implemented through the Environmental and Social Action Plan (ESAP).</p>			

Vulnerable groups, including women and children, will not be employed under unsafe conditions, and all activities will comply with national labor laws, international labor standards, and best practices to ensure equitable treatment.			
Resource Efficiency and Pollution Prevention	YES	NO	TBD
Will the activities generate (1) emissions to air; (2) discharges to water; (3) activity related greenhouse gas (GHG) emissions, (4) noise and vibration; and (5) wastes?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i> Project activities will generate minimal emissions, discharges, noise, or waste, posing no climate or environmental risks, while contributing to greenhouse gas reduction and improved water quality through forest restoration, watershed protection, and other nature-based solutions.			
Will the activities utilize significant amount of natural resources including water and energy?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i> Project activities, including MSME operations, agro-processing, and nature-based solutions, will use minimal natural resources such as water, energy, and forests. Rainfed agroforestry and sustainable forest management, including NTFP value chains and enrichment plantations, will maintain forest cover, protect water sources, and support regeneration. The interventions are not resource intensive, pose low resource-use risks for MSMEs and agro-processing plants, and will promote efficient and sustainable natural resource management.			
Will there be a need to develop detailed measures to reduce pollution and promote sustainable use of resources?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i> There will be no need to develop detailed measures to reduce pollution or promote sustainable use of resources, as the project activities do not pose significant environmental risks. The project will not generate pollution and will support local communities and stakeholders in the sustainable management of forests.			
Community Health, Safety, and Security	YES	NO	TBD
Will the activities potentially generate risks and impacts to the health and safety of the affected communities?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i> The project activities will not pose any health or safety risks, nor cause adverse impacts, to the affected communities.			
Will there be a need for an emergency preparedness and response plan that also outlines how the affected communities will be assisted in times of emergency?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i> There is no need for an emergency preparedness and response plan, as the project activities do not pose risks requiring such measures or community assistance, and no emergency events are expected during the project's lifetime.			
Will there be risks posed by the security arrangements and potential conflicts at the project site to the workers and affected community?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i> The project poses no conflict or security risks, either between beneficiary communities or between communities and project workers. No migrant workers will be hired, and employment opportunities and benefits will be shared equitably among local community members, ensuring a safe and harmonious environment.			
Land Acquisition and Involuntary Resettlement	YES	NO	TBD
Will the activities likely involve land acquisition and/or physical or economic displacement?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i> There will be no land acquisition and/or physical and economic displacement as the project activities will be carried out through active engagement of the stakeholders and local communities. Project activities will help in the livelihood enhancement of local communities.			
Biodiversity Conservation and Sustainable Management of Living Natural Resources	YES	NO	TBD
Will the activities potentially introduce invasive alien species of flora and fauna affecting the biodiversity of the area?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i> The project will not introduce or promote invasive alien species of flora or fauna, and all plantation and restoration activities will use native species. Agroforestry, NTFPs/MAPs value chains, and nature-based solutions (NbS) are designed to enhance biodiversity, minimize risks from monocropping or intensive forestry, and preserve existing flora, fauna, and ecosystem functions.			
Will the activities have potential impacts on or be dependent on ecosystem services including production of living natural resources (e. g., agriculture, livestock, fisheries, forestry)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i> Project activities will not harm ecosystem services or living natural resources and aim to enhance them through sustainable management.			
Indigenous Peoples	YES	NO	TBD

Will the activities potentially have any indirect impacts on indigenous peoples, ethnic minorities, or vulnerable and marginalized groups?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i> Although the project area includes multi-ethnic communities, including Indigenous Peoples and vulnerable and marginalized groups, the proposed activities are not expected to result in any direct or indirect adverse social impacts on these groups.			
Cultural Heritage	YES	NO	TBD
Will the activities restrict access to the cultural heritage sites and properties?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i> No cultural heritage sites or assets have been identified as potentially affected. The project activities will not restrict access to, cause damage to, or otherwise adversely impact cultural heritage sites or their associated properties.			
Will there be a need to prepare a chance-find procedure in case of the discovery of cultural heritage assets?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i> There will be no need to prepare chance-find procedure as the project activities are not expected in the discovery of cultural heritage assets.			
Stakeholder engagement and grievance	YES	NO	TBD
Will the activities include a continuing stakeholder engagement process and a grievance redress mechanism and integrated into the management/implementation plans?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i> The project includes a strong and continuous stakeholder engagement process and a grievance redress mechanism (GRM). A Stakeholder Engagement Plan (SEP) and GRM have been developed using Project Preparation Facility (PPF) resources, integrated into the feasibility report, and will be implemented through active stakeholder engagement throughout the project lifecycle.			

Part C: Additional SEAH-related considerations

Risks and Impacts	YES	NO	TBD
Will the responsible party for the measure receive project-supported training on SEAH-related issues (awareness, avoidance, responses)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i> The project implementation team will be equipped on issues of gender, gender-based violence, sexual exploitation and abuse, etc.			
Will all participants involved in, or affected by, the measure have full access to the project SEAH-related grievance redress mechanism?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i> Absolutely.			
Will there be an influx of male workers into the measure area (as opposed to using local labour)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i> These are small investments that will not mobilize a large workforce from elsewhere.			
Will migrant workers be employed to undertake the measure, especially those who may not speak local language?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i> There will be no discrimination at work even if migrant workers are employed.			
Will workers associated with the measure all have formal contracts?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i> It will depend on the nature of the activities for which they have been hired.			

Part D: Summary risk categorization

E&S + SEAH risk category	YES	NO
Considering the responses in the checklist and the associated exclusion criteria, do you consider the proposed measure to be Low Risk?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i> The risks are 'low'		

Annex-II: Categorization

The project implements small-scale, community-led, nature-based interventions under the Locally Led Climate Action (LLCA) framework, including sustainable forest management, restoration of degraded forests, micro-scale check dams (< 2 m high), slope stabilization, MSMEs and climate-resilient NTFP/MAP value chains supports that directly benefit local communities. All the small check dams, NbS interventions and erosion control measures will be use locally available materials, be sited in degraded forests, gullies, and erosion-prone slopes, avoid hazardous materials, and be designed solely for erosion control rather than water storage within the degraded forest landscape and community managed areas which require simple foundations, and are designed after site-specific geotechnical screening and GIIP. They will not evolve into large dams or cause significant downstream flood risks. The project activities avoid land acquisition, resettlement, hazardous chemicals, and trade in prohibited resources, while strengthening local adaptive capacity, early warning systems, climate knowledge, and the development of local climate adaptation plans. All activities are participatory, gender-sensitive, and socially inclusive, with explicit safeguards for Indigenous Peoples and marginalized groups. Sites will be selected through a phased, participatory approach with community input, pre-implementation E&S and SEAH screening, and risk assessments, and all designs will be reviewed by the Project Engineer and ESS Expert, with inspections and emergency preparedness mandatory, while non-compliant sites will be excluded. Environmental risks are minor and localized; social, SEAH, and Indigenous Peoples' risks are low, mitigated through stakeholder engagement, GRM, CoC, training, and culturally appropriate consultations. Operational risks are minor, managed through ESS oversight and monitoring. Any new risks arise will undergo E&S and SEAH screening, and will validated by NTNC (AE). Overall, project activities are low-risk, Category C/low level of intermediation (I3) classification under the GCF RESP, with robust safeguards and minimal environmental and social impact.

9.2 Annex-III: Exclusion List

101. The project's Category C classification under GCF SAP reflects that its activities are expected to have minimal or no adverse environmental and social impacts. To maintain this low-risk profile, a clear Exclusion List has been established as a safeguard to ensure all project interventions remain within the Category C threshold and comply with national regulations and align with international environmental and social standards.
102. The following activities are therefore strictly excluded from project funding and implementation:
- a. Large-scale infrastructure or construction works, including dams, roads, industrial facilities, large buildings, and major earthworks.
 - b. Construction of check dams or water retention structures posing safety risks (e.g., large flood-handling requirements, complex or unstable foundations, retaining toxic materials, causing significant downstream impacts, or likely to become large dams over time).
 - c. Activities that may cause significant environmental degradation, including soil or water contamination, biodiversity loss, or disruption of ecosystem functions.
 - d. Degradation of critical ecosystems such as wetlands, rangelands, primary forests, or areas of high ecological value.
 - e. Commercial logging, clear-felling, unsustainable harvesting of NTFPS/AMPs, including practices contributing to deforestation or forest degradation.
 - f. Monocropping or monoculture plantations that may reduce biodiversity or ecosystem resilience.
 - g. Introduction, cultivation, or use of genetically modified organisms (GMOs), including their release into the environment.
 - h. Any activities that involve introduction/use of invasive or non-native species.
 - i. Production, use or trade in products or activities deemed illegal under host country laws, international conventions, or subject to international bans, including pharmaceuticals, hazardous chemicals including pesticides, herbicides or insecticides, ozone-depleting substances, PCBs, wildlife or products regulated under Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
 - j. Activities involving land acquisition, involuntary resettlement, or any form of physical or economic displacement of individuals or communities, whether temporary or permanent.
 - k. Activities adversely affecting natural or critical habitats, and protected areas.
 - l. Production or trade in tobacco or tobacco products.
 - m. Use of heavy machinery in forest restoration, land management, or NbS interventions.
 - n. Activities involving child labor, forced labor, human trafficking, or practices that exacerbate gender inequalities and GBV, or SEAH risks.
 - o. Interventions within sites of cultural, historical, archaeological or spiritual significance.
 - p. Restriction of access to natural resources for IPLCs, including customary lands or livelihoods.
 - q. Any business or activities prohibited under the laws and regulations of Nepal or international conventions to which Nepal is a party.
 - r. Any activity identified during screening as having inherent moderate or high environmental or social risks, which would be inconsistent with the Category C classification of the project.

9.3 Annex-IV: Stakeholder Engagement Plan

9.4.1 Introduction: Stakeholder Engagement Approach

103. The Stakeholder Engagement Plan (SEP) for the project *“Enhancing Climate Resilience through Improved Livelihoods and Capacity Strengthening of Forest-Dependent Communities in Karnali Province, Nepal”* was developed during project preparation in line with Green Climate Fund (GCF) principles of transparency, accountability, inclusiveness, non-discrimination, and *do no harm*. The SEP provides a structured approach for systematic and meaningful stakeholder engagement throughout project implementation and aligns with the outlined in the GCF’s Sustainability Guidance Note: Designing and ensuring meaningful stakeholder engagement¹², GCF RESP¹³, GCF Indigenous People Policy¹⁴, Gender Policy¹⁵, and the Locally Led Climate Action (LLCA) framework and guidance¹⁶. A project-level GRM, including confidential and survivor-centred procedures for GBV/SEAH, forms an integral part of the SEP. Based on multi-level consultations during project preparation, key stakeholder concerns included: (i) governance and coordination gaps across levels; (ii) limited capacity of CFUGs and MSMEs; (iii) market and value chain constraints (especially for NTFPs); (iv) inclusion gaps affecting IPs, women, Dalits, and vulnerable groups; (v) misalignment of top-down approaches with local priorities and CFUG plans; and (vi) climate and environmental risks such as forest fires and water scarcity. These inputs have directly informed the SEP and overall project design.
104. Given the project’s Environmental and Social Risk Category C, stakeholder engagement will be proportionate to the low risk profile of project activities, focusing primarily on information sharing, inclusive consultation, and participatory decision-making with forest-dependent communities and local institutions. Special attention is given to the recognition and meaningful inclusion of IPs, acknowledging the role of their traditional knowledge in climate adaptation, sustainable forest management, and biodiversity conservation. The SEP ensures culturally appropriate consultations, accessible information sharing, and meaningful participation in decision-making, and applies the principles of FPIC in line with the GCF IP Policy where project activities may affect Indigenous Peoples’ lands, resources, or rights. In response to these concerns, the project adopts a Locally Led Climate Action (LLCA) approach to ensure alignment with community priorities, CFUG operational plans, and local governance systems. The SEP further operationalizes inclusive, participatory, and context-specific engagement to avoid top-down approaches and ensure meaningful stakeholder ownership.
105. Stakeholder engagement is integrated across project governance, planning, implementation, monitoring, and learning, rather than treated as a one-time consultation. The SEP supports E & S risk management through timely information disclosure, inclusive consultations, and meaningful participation, informed by stakeholder analyses and consultations conducted at provincial, district, municipal, and community levels. The SEP

¹² https://www.greenclimate.fund/sites/default/files/document/sustainability-guidance_stakeholder-engagement-may-2022.pdf

¹³ <https://www.greenclimate.fund/sites/default/files/document/revised-environmental-and-social-policy.pdf>

¹⁴ <https://www.greenclimate.fund/sites/default/files/document/ip-policy.pdf>

¹⁵ <https://www.greenclimate.fund/sites/default/files/document/gcf-gender-policy.pdf>

¹⁶ <https://www.greenclimate.fund/sites/default/files/document/20251107-llca-guidance-web-1.pdf>

also contributes to addressing identified governance and coordination gaps by strengthening structured engagement platforms across all levels and ensuring systematic documentation and integration of stakeholder feedback into project decision-making and adaptive management.

106. The project applies an inclusive, locally appropriate engagement approach, prioritizing disadvantaged and vulnerable groups, including women, IPs, Dalits, youth, persons with disabilities (PWDs), female-headed households, children, and ethnic minorities. Engagement will use culturally appropriate methods in local languages, with stakeholder feedback systematically documented and integrated into project design and decision-making, monitoring, and adaptive management to strengthen local ownership, accountability, and project effectiveness. Consultations with IPLCs through meetings, workshops, and field visits can capture community views on impacts, resource use, culture, and livelihoods. Key concerns can be incorporated into project design to ensure culturally sensitive, inclusive, and environmentally responsible interventions, enhancing IP governance participation, equitable access to benefits and training, and protection of cultural heritage and traditional knowledge.

9.4.2 Stakeholder Identification, Categorization and Engagement

107. In line with GCF requirements, stakeholders were systematically identified and categorized during project preparation through participatory stakeholder mapping conducted as part of the pre-feasibility study. Based on the stakeholders' roles, influence, and potential exposure to project benefits, risks, or impacts, stakeholder mapping was conducted with government agencies, civil society and community-based organizations (CBOs), private sector. Stakeholders were categorized as affected stakeholders, interested stakeholders, and vulnerable groups based on their roles, level of influence, and potential exposure to project benefits, risks, or impacts in forest management and local development processes. Stakeholder mapping and categorization were informed by consultation findings, which highlighted the need to prioritize forest-dependent communities, IPs, women, and marginalized groups due to their higher exposure to climate risks and barriers to participation.
108. Stakeholder engagement approaches are guided by three categories: engage, communicate, and inform with the intensity of engagement proportionate to stakeholders' roles and the project's risk category C. Engagement intensity will be proportionate to risk, with forest-dependent communities, IPs, women, and marginalized groups engaged more frequently, while lower-risk stakeholders will be engaged mainly through information sharing. In line with GCF Sustainability Guidance Note, the project will ensure inclusive participation of IPs through culturally appropriate, gender-inclusive, and accessible methods in local languages, while respecting traditional institutions, customary governance, and indigenous knowledge systems. These measures support meaningful IP participation in project planning, implementation, monitoring, and benefit-sharing in accordance with the GCF IP Policy and IFC PS 7. All engagement activities and feedback will be documented and used to support transparency, accountability, and adaptive management. Engagement approaches are specifically designed to address identified capacity constraints by incorporating targeted capacity-building, awareness raising, and technical support measures to enable effective participation of stakeholders, particularly CFUGs, MSMEs, and vulnerable groups. The SEP will adopt a structured approach to

validate the Project's IPs strategy, including the IPPF, through meaningful consultations with IPs and their representative organizations. It will clearly differentiate between information sharing, general engagement, and formal consultations, while ensuring that all processes are culturally appropriate, gender-sensitive, and inclusive. IPs' organizations will be engaged as key partners to support outreach and consultation, and FPIC processes will be applied where project activities may affect their lands, resources, or collective rights. All consultations will be systematically documented capturing stakeholder representation, methods used, key issues raised, and project responses to demonstrate how IPs' inputs are integrated into project design, implementation, and monitoring.

9.3.1.1 Engagement with National-Level Government Stakeholders

109. A range of national-level government institutions are relevant to the project due to their mandates related to forestry, climate change, agriculture, livelihoods, and enterprise development. The Ministry of Forests and Environment (MoFE) will provide overall strategic oversight and policy coherence and will chair the Project Steering Committee (PSC).

110. Key national stakeholders include:

- Ministry of Finance (MoF);
- Ministry of Forests and Environment (MoFE);
- Department of Forests and Soil Conservation (DoFSC);
- Department of National Parks and Wildlife Conservation (DNPWC);
- REDD+ Implementation Centre;
- Ministry of Agriculture and Livestock Development (MoALD);
- Ministry of Federal Affairs & General Administration (MoFAGA);
- Ministry of Industry, Commerce and Supplies (MOICS);
- Department of Cottage and Small Industries (DCSI); and

111. These institutions will engage through policy guidance, strategic oversight, coordination, and progress review to ensure alignment with national climate, forest, and livelihood priorities, while facilitating inter-ministerial coordination, addressing systemic barriers, and supporting policy learning from project implementation.

9.3.1.2 Engagement with Provincial and Local Government Stakeholders

112. At the provincial level, the project will engage closely with the Ministry of Industry, Tourism, Forest and Environment (MoITFE), Karnali Province, member of the PSC, which is critical for ensuring alignment with provincial development priorities and for strengthening vertical coordination between federal, provincial, and local governments.

113. Key provincial-level stakeholders include:

- Province Forest Directorate, Karnali Province;
- Directorate of Industry and Consumer Protection, Karnali Province;
- Divisional Forest Offices (project area-specific);
- Agriculture Development Offices (project area-specific);
- Soil and Watershed Management Office (SWMO);
- Office for Protection of Industry and Consumer Interest
- Provincial Research and Training Centers (Forestry and Agriculture)

114. At the district and municipal levels, key stakeholders include:

- District Coordination Committees (DCCs)
- Municipalities and Rural Municipalities within the target districts
- Ward offices and sectoral service delivery units

115. Provincial and local governments will serve as key coordinating partners during project implementation, with support provided to integrate project activities into LAPA and municipal planning and budgeting processes. In line with Nepal's federal governance structure, targeted capacity-building will strengthen climate mainstreaming, participatory planning, implementation oversight, and coordination, while enhancing collaboration, trust, and alignment between communities and government service providers.

9.3.1.3 Community-Level Institutions and Civil Society Stakeholders

116. Community-based institutions and civil society organizations (CSOs) are central to achieving locally led, sustainable, and climate-resilient outcomes. Key stakeholders include Community Forest Management Groups (CFMGs) including Community Forest User Groups (CFUGs), watershed committees, farmer groups and cooperatives, women's savings groups, youth groups, forest- and agriculture-based Micro, Small, and Medium Enterprises (MSMEs), and representative networks such as Federation of Community Forest User Groups Nepal (FECOFUN), Nepal Federation of Indigenous Nationalities (NEFIN), and other local Non-Government Organizations (NGOs) such as Karnali Integrated Rural Development and Research Centre (KIRDARC), NGO Federation of Nepal-Karnali, RACE-Nepal, Dream Karnali, Development Communication Society Nepal (SODEC Nepal), and SOSEC Nepal. Consultations highlighted challenges related to weak governance, limited transparency, and capacity gaps within CFUGs and community institutions. In response, the project integrates targeted institutional strengthening, governance support, and social accountability mechanisms (e.g., social audits, public disclosure) to enhance transparency, participation, and accountability.

117. These institutions will act as direct implementing partners for activities such as sustainable forest management, agroforestry, nursery establishment, watershed management, and enterprise development, with interventions co-designed to reflect local priorities and knowledge systems. In line with LLCA principles, the project will provide direct financial transfers to eligible community institutions, strengthening local agency, accountability, and ownership, while CSOs will support outreach, capacity building, knowledge sharing, and alignment with government policies and development initiatives to ensure synergies, avoid duplication, and maintain continuous engagement. Interventions are also designed to strengthen forest-based value chains and address market barriers identified during consultations, including limited value addition, weak market linkages, and high transportation costs.

9.3.1.4 Engagement with Women, Indigenous Peoples, Vulnerable Communities and Marginalized Groups

118. Women, IPs, Dalits, persons with disabilities, youth, land-poor households, and other marginalized groups are highly vulnerable to climate change yet are key custodians of natural resources and traditional knowledge. Social exclusion often limits their participation in decision-making and access to resources. The project will place strong emphasis on the explicit recognition and ensure IPs meaningful inclusion throughout all stages, enabling

them to act as decision-makers, implementers, and monitors, in line with GESI and GCF ESS requirements. Consultations with IP organizations (e.g., NEFIN) emphasized the need for recognition of customary institutions, traditional knowledge, and land rights. The project therefore ensures that IPs are engaged as partners in decision-making, planning, and implementation, rather than solely as beneficiaries.

119. Engagement strategies will address structural barriers such as mobility, literacy, time constraints, cultural norms, and limited access to information through inclusive and culturally appropriate mechanisms, including targeted consultations, flexible schedules, local languages facilitation, and, where necessary, separate focus group discussions. Engagement through recognized community institutions and women-led groups, including women-managed CFUGs and enterprises, will further support the meaningful participation of IPs, women and other marginalized groups as decision-makers, implementers, and monitors of project activities. Specific measures are included to address structural barriers to participation and ensure meaningful inclusion, including culturally appropriate engagement, separate consultations where needed, and targeted support for leadership and decision-making roles.

120. For IPs, the project will implement FPIC in accordance with GCF IPs Peoples Policy¹⁷ and ESS standards. FPIC processes will include early identification of affected communities, culturally appropriate disclosure of project information, uncoerced community deliberation, documented consent or non-consent through recognized community institutions. If consultations and screening identify potential risks or adverse impacts on Indigenous Peoples, the project will develop appropriate management instruments, including an IPP in accordance with Article 38 of the GCF Indigenous Peoples Policy. Ongoing engagement will be maintained to ensure that agreed conditions are respected throughout project implementation.

9.3.1.5 Engagement with Private Sectors

121. The project views the private sector including local businesses, cooperatives, MSMEs, and larger enterprises as a key partner in promoting sustainable livelihoods, climate-resilient practices, and forest-based value chains in Karnali Province. Key actors include Federation of Nepalese Chambers of Commerce and Industry (FNCCI) Karnali, Nepal Herbs and Herbal Products Association (NEHHPA), Federation of Nepalese Forest-based Industry and Trade (FeNFIT), Jadibuti Association of Nepal (JABAN), local agribusinesses and cooperatives, community enterprises, private entrepreneurs, green agriculture programs, and media outlets. Stakeholder consultations identified significant constraints in market access, value addition, and enterprise development. The project therefore prioritizes private sector engagement to strengthen value chains, promote NTFP processing, and improve market linkages.

122. Engagement will proceed in three main stages: first, collaborative planning and co-design of activities with private sector partners; second, implementation of initiatives to enhance market access, promote sustainable resource use, and generate income; and third, joint monitoring and review to track progress, outcomes, and lessons learned. Throughout these stages, methods such as consultations, workshops, partnership

¹⁷ <https://www.greenclimate.fund/sites/default/files/document/ip-policy.pdf>

agreements, business forums, and other tailored platforms will be used to leverage private sector expertise, innovation, and investment.

9.3.1.6 Strategic Engagement with Knowledge Partners

123. The Karnali Project will engage various strategic knowledge partners such as Center for International Forestry Research and World Agroforestry (CIFOR-ICRAF), Asia Network for Sustainable Agriculture and Bioresources (ANSAB), Karnali Integrated Rural Development and Research Centre (KIRDARC), etc to ensure evidence-based, climate-resilient design and implementation. CIFOR-ICRAF will be engaged in providing global scientific expertise in agroforestry, climate-smart land use, and forest-based value chains, supporting the integration of proven methodologies and strengthening learning and replication across similar landscapes. At the local level, ANSAB and KIRDARC, with their deep-rooted presence in the Karnali landscape, will engage in integrating Non-Timber Forest Products (NTFPs) into community forest management through sustainable harvesting, enterprise development, and market linkages. Collaboration with academic institutions, technical experts, and indigenous knowledge holders will ensure that interventions are locally appropriate, inclusive, and scalable.

9.4.3 Stakeholder Engagement Plan (SEP)

124. The table outlines the project's key stakeholders, their roles and interests, and the engagement methods, frequency, and responsibilities applied to ensure coordinated, inclusive, and transparent participation throughout the project lifecycle.

Table 7: Stakeholder Engagement Plan Matrix

Stakeholder Group	Key Stakeholders	Interest / Role in the Project	Engagement Purpose	Expected Outcome	Engagement Methods	Frequency & Timing	Responsible Entity
National Government	MoF, MoFE, DoFSC, DNPWC, REDD+ Implementation Centre, MoALD, MoFAGA, MOICS, DCSI, and MoHA	Strategic oversight, planning and resource allocation, policy alignment, inter-ministerial coordination	Ensure policy alignment, national oversight, and coordination with national climate and forestry strategies	Effective policy coordination, institutional support, and integration with national programs	PSC meetings, Project portfolio meetings, technical committee meetings, policy briefings, progress reporting, annual reviews	At least half yearly; ad hoc as required	PSC, PMU (NTNC)
Provincial Government	MoITFE, Province Forest Directorate, Directorate of Industry and Consumer Protection, Divisional Forest Offices (project area-specific), Agriculture Development Offices (project area-specific), Soil and Watershed Management Office (SWMO), and Office	Coordination, integration with provincial plans, technical guidance	Align project activities with provincial strategies and ensure technical oversight	Improved coordination and integration with provincial climate, forestry, and livelihood programs	Provincial consultative meetings, coordination workshops, joint monitoring	Semi-annual; during planning and review cycles	PMU, FCU

Stakeholder Group	Key Stakeholders	Interest / Role in the Project	Engagement Purpose	Expected Outcome	Engagement Methods	Frequency & Timing	Responsible Entity
	for Protection of Industry and Consumer Interest						
District Authorities	District Coordination Committees (DCCs)	District-level coordination and facilitation	Facilitate coordination among municipalities, provincial agencies, and project implementers	Improved district-level coordination and support for project implementation	District consultation meetings, progress sharing	At design phase and annually	FCU & Sub-unit
Municipal Governments	Rural Municipalities & Municipalities; Ward Offices	Local planning, LAPA integration, implementation support	Integrate project activities into municipal plans and LAPA	Improved local ownership, policy alignment, and sustainability of interventions	Municipal workshops, LAPA processes, coordination meetings	Quarterly; throughout project lifecycle	FCU, PMU
Community Forest Institutions	CFUGs, CFMGs, Watershed Committees	Direct implementation of forest and watershed activities	Enable participatory planning and implementation of community forest and NbS activities	Strong community ownership and sustainable forest management outcomes	FGDs, community assemblies, co-design workshops, social audits	Continuous; activity-based	FCU & Sub-unit
Farmer Groups & Cooperatives	Farmer groups, agriculture cooperatives	Agroforestry, climate-resilient	Promote adoption of climate-resilient	Increased income opportunities and	Trainings, participatory	Prior to and during implementation	FCU, Technical Specialists

Stakeholder Group	Key Stakeholders	Interest / Role in the Project	Engagement Purpose	Expected Outcome	Engagement Methods	Frequency & Timing	Responsible Entity
		livelihoods, MSME development	livelihoods and sustainable forest-based enterprises	resilient livelihoods	planning, review meetings		
Private Sector	Forest-based MSMEs, women-led enterprises, FNCCI; Media Agencies	Enterprise development, value chains; Development and promotion of climate change mitigation and adaptation measures related programs among general public	Strengthen market linkages, private sector participation, and awareness on climate initiatives	Strengthened forest-based value chains and wider dissemination of project outcomes	Business development workshops, financial literacy training; notice boards, public disclosures	Activity-specific; phased	PMU, FCU
IPs & Marginalized Groups	Indigenous communities, Dalits, women, persons with disabilities, youth	Inclusive decision-making, benefit sharing, monitoring	Ensure inclusive participation and equitable access to project benefits	Improved social inclusion, empowerment, and equitable benefit distribution	Targeted consultations, separate FGDs, public hearings	Continuous; design to evaluation	FCU, PMU (GEDSI Lead)
Civil Society Organizations	FECOFUN, NEFIN, Local Community Forest Management Group (LCFMG), local NGOs, DANAR, NFN-Karnali, KIRDARC, SODEC Nepal, RACE Nepal, Dream Karnali, SOSEC Nepal etc.	Execution of project activities, community mobilization, advocacy, capacity strengthening, and local-level service delivery	Strengthen community engagement and support participatory implementation	Enhanced community capacity and improved governance of forest resources	Implementation and fund transfer agreements, joint planning and execution, progress and financial reporting, joint monitoring and evaluation,	Continuous and activity-based	NTNC (PMU) in coordination with FCU

Stakeholder Group	Key Stakeholders	Interest / Role in the Project	Engagement Purpose	Expected Outcome	Engagement Methods	Frequency & Timing	Responsible Entity
					consultative and feedback sessions		
Knowledge Partners	CIFOR-ICRAF; ANSAB; KIRDARC; academic institutions; technical experts; indigenous knowledge holders, etc.	Provide scientific and technical expertise for evidence-based, climate-resilient project design and implementation; support agroforestry, climate-smart land use, forest-based value chains, and integration of NTFPs into community forest management; ensure local relevance, inclusiveness, learning, and scalability	Strengthen evidence-based approaches and innovation in climate adaptation and forest management	Improved technical quality of interventions and knowledge generation	Technical backstopping; knowledge exchange; capacity building; pilot demonstrations; indigenous knowledge documentation	Regular throughout project implementation; periodic and milestone-based	PMU (NTNC)
Project Implementers	NTNC (PMU), FCU & Sub-Unit	Coordination, implementation, safeguards compliance	Ensure effective implementation, coordination, and safeguards compliance	Efficient project delivery and compliance with environmental and social safeguards	Internal coordination meetings, reporting	Monthly / quarterly	NTNC

Stakeholder Group	Key Stakeholders	Interest / Role in the Project	Engagement Purpose	Expected Outcome	Engagement Methods	Frequency & Timing	Responsible Entity
General Community & Beneficiaries	Forest-dependent households	Beneficiaries and monitors of project outcomes	Inform and engage communities in project activities and benefits	Improved awareness, participation, and ownership of project outcomes	Community meetings, notice boards, public disclosures	Continuous	FCU & Sub-Unit
Affected / Concerned Stakeholders	Any stakeholder raising concerns or grievances	Feedback, risk mitigation	Address grievances and ensure accountability	Timely resolution of concerns and strengthened trust in project processes	GRM , complaint registers	As needed	PMU, FCU

9.4.4 Stakeholder Engagement Mechanisms and Institutional Roles

125. The project will implement stakeholder engagement through a multi-tiered institutional framework that clearly defines roles, responsibilities, and accountability across governance and implementation levels. Engagement methods will include community consultations, focus group discussions, public meetings, key informant interviews, and information disclosure, all conducted in culturally appropriate and accessible formats and local languages. Inputs from Indigenous Peoples and other stakeholders will be systematically documented through consultation minutes, gender-and -social group-disaggregated participant lists, and feedback summaries. These records will be maintained by the PMU and used to inform project planning, safeguards monitoring, and annual reporting to the GCF. Stakeholder engagement will be conducted in culturally appropriate, inclusive, and environmentally responsible ways, aligned with defined institutional roles and engagement mechanisms.

9.4.4.1 Project Steering Committee (PSC)

126. The Project Steering Committee (PSC), chaired by the Ministry of Forests and Environment (MoFE), will provide overall strategic guidance, policy oversight, and inter-institutional coordination for the project. The PSC will ensure alignment of project objectives and investments with national climate policies, forest sector strategies, and development priorities, while maintaining coherence across federal, provincial, and local governance levels to ensure effective and timely field implementation.

127. To strengthen federal–provincial–local collaboration and reinforce local ownership, the PSC will also include nominated representatives from Ministry of Industry, Tourism, Forest and Environment (MoITFE), Karnali Province, as well as representatives from municipal associations (including rural municipalities). This inclusive composition will ensure that sub-national perspectives, implementation realities, and local development priorities are adequately reflected in strategic decision-making.

128. The PSC reviews stakeholder feedback compiled by the Project Management Unit (PMU), approves annual work plans and budgets, ensures participatory processes inform decisions, and provides strategic guidance on risk management, safeguards compliance, and adaptive management.

9.4.4.2 Project Management Unit (PMU) – NTNC

129. The PMU, hosted by the NTNC, serves as the central hub for coordinating stakeholder engagement, safeguards, and accountability across the project. The Project Team Leader (PTL) provides overall leadership and oversight of the PMU, ensuring that project activities—including stakeholder engagement, safeguards compliance, and adaptive management—are implemented effectively and in line with GCF requirements. The PTL coordinates among PMU staff, the Field Coordination Unit (FCU)/sub-unit, community institutions, and national, provincial, and private sector stakeholders, including MSMEs and financial institutions, providing strategic guidance, monitoring progress, and ensuring accountability in achieving project objectives.

130. The PMU will be responsible for:

- Designing, implementing, and periodically updating the SEP;
- Ensuring compliance with GCF ESS, GESI, and FPIC requirements;

- Consolidating stakeholder inputs received from the Field Coordination Unit (FCU) and community institutions;
 - Ensuring that LAPA and other participatory planning processes inform investment decisions; and
 - Overseeing grievance redress, information disclosure, and reporting mechanisms.
 - Maintain a stakeholder feedback log to document key issues, actions taken, and decisions influenced by stakeholder inputs, these logs inform annual planning and are reflected in the APR to demonstrate how stakeholder engagement drives adaptive management.
 - Coordinate monitoring, evaluation, accountability, and learning (MEAL) processes, led by the M&E Expert, ensuring participatory tracking of outcomes, adaptive management, and incorporation of stakeholder feedback
131. The ESS Expert will support the PMU and PTL in coordinating stakeholder engagement, leading IPs consultations, ensuring FPIC compliance, and promoting inclusive, culturally appropriate engagement. The GRM Focal Person manages the GRM, ensuring confidential, culturally sensitive, and gender-responsive complaint handling. The M & E will ensure that engagement outcomes, performance indicators, and lessons learned are systematically documented and inform adaptive management and decision-making. All staff work closely with the FCU/sub-unit and community-level institutions to strengthen two-way communication, support participatory planning, and ensure that stakeholder systematically integrated into project planning, budgeting, implementation, and adaptive management, rather than treated as stand-alone consultation outputs.

9.4.4.3 Field Coordination Unit (FCU) and Sub-Unit

132. The FCU, based in Surkhet, serves as the primary link between the project and provincial- and local-level stakeholders, coordinating with relevant government agencies to ensure timely and effective implementation. Field-level support will be provided by a sub-unit in Jumla, working closely with municipal governments, ward offices, and community institutions to deliver context-specific and inclusive interventions.

133. Key responsibilities:

- Facilitate community consultations, focus group discussions, and public hearings.
- Support participatory LAPA processes at municipal and ward levels.
- Provide technical backstopping to community institutions and local implementers.
- Maintain two-way communication and feedback mechanisms between communities and the PMU.
- Document lessons learned to inform adaptive management and knowledge sharing.

9.4.4.4 Community-Led Engagement and Accountability Mechanisms

134. To promote LLCA, the project will establish and strengthen community-led engagement and accountability mechanisms, including:
- Community monitoring and oversight committees
 - Public hearings and social audits
 - Participatory performance monitoring and feedback sessions
 - Transparent disclosure of plans, budgets, and results at the community level

135. These mechanisms will ensure transparency, trust, and downward accountability, enabling communities to track project performance and influence corrective actions as needed.

9.4.5 Engagement Across the Project Lifecycle

136. Stakeholder engagement will be continuous and adaptive throughout the project, tailored to roles, capacities, and influence, ensuring meaningful participation of forest-dependent communities, women, IPs, and other vulnerable groups, and integrating their inputs to strengthen ownership, inclusiveness and adaptive project delivery. Information on stakeholder engagement activities, including schedules, roles, and methods, will be regularly shared with all stakeholders through culturally appropriate channels to maintain transparency and accountability.

9.4.5.1 Design Phase

137. During project preparation (23 November 2025 – 14 January 2026), NTNC, as Accredited Entity (AE), conducted multi-level stakeholder consultations at federal, provincial, district, and community levels across 4 project districts (Dolpa, Jajarkot, Jumla, Dailekh) and Surkhet district in Karnali Province, Nepal. These consultations aimed to understand local needs, priorities, capacities, and potential environmental and social risks, while ensuring inclusive participation and context-specific project design per the GCF approved Project Concept Note (CN).
138. Engagement was carried out through district and municipal consultation workshops, community-level focus group discussions (FGDs), key informant interviews (KIIs), meetings, and field visits. These platforms enabled stakeholders to share perspectives on climate risks, forest management challenges, livelihood opportunities, environmental and social safeguards, and potential project interventions. Consultations also included dialogue and consent processes with Community Forest User Groups (CFUGs), cooperatives, women's groups, and Indigenous Peoples' representatives. Stakeholder inputs were integrated into LAPA and the overall project design, including activity selection and targeting criteria.
139. Consultations were conducted through workshops, meetings, key informant interviews, field visits, focus group discussions, and community consultations, enabling stakeholders to provide inputs on climate risks, forest management challenges, livelihood opportunities, environmental and social safeguards, and potential project interventions.
140. The consultation report (See Annex-2: Feasibility Study Report, Chapter 9, table 23) summarizes the scope, methodology, and key findings of consultations conducted across all governance levels. Also, the consultation notes (See Annex-2: Feasibility Study Report, Chapter 11) provide detailed records of stakeholder inputs, including perspectives from government agencies, CFUGs, Indigenous Peoples' organizations (e.g., NEFIN), private sector actors, and local communities.
141. The consultations involved over 477 individuals (383 men, 94 women) from government, civil society, community institutions, the private sector, and media. Women were actively represented in community consultations and CFUG leadership, with 36–43% female participation observed in some committees, ensuring inclusive engagement across all stakeholder groups.

142. Participants represented stakeholders across multiple governance levels, including:

- National level: Ministry of Finance (NDA), Ministry of Forests and Environment, NTNC, and national civil society organizations such as FECOFUN and NEFIN.
- Provincial level: Ministry of Industry, Tourism, Forest and Environment (Karnali Province), Provincial line agencies, and Divisional Forest Offices.
- District and local levels: District Coordination Committees (DCCs), municipalities and rural municipalities, and Division/Sub-Division Forest Offices.
- Community level: Community Forest User Groups (CFUGs), farmers, forest-dependent households, local cooperatives, and community organizations.
- Civil society organizations: FECOFUN, NEFIN, and local NGOs.
- Private sector: Forest-based entrepreneurs and MSMEs involved in NTFP and forest-based value chains.
- Vulnerable and marginalized groups: Indigenous Peoples, Dalits and socially excluded communities (including the Badi community), women's groups, youth, elderly community members, and marginalized farmers.

143. Stakeholders identified several key issues and priorities during consultations:

Environmental and Climate Risks:

- Declining NTFPs and medicinal plants, invasive species spread, and reduced regeneration of key forest species.
- Climate hazards including landslides, floods, forest fires, droughts, erratic rainfall, and rising temperatures affecting forests, agriculture, rangelands, and water sources.
- Ecosystem degradation, including reduced water sources and pasture decline.

Social and Livelihood Concerns:

- Disproportionate impacts of climate change on women, Indigenous Peoples, Dalits, and marginalized households.
- Limited livelihood opportunities, youth migration, and challenges in developing forest-based enterprises.
- Market access constraints such as weak value chains, limited processing facilities, and reliance on intermediaries.

Governance and Institutional Barriers:

- Challenges in revising CFUG operational plans, limited transparency in forest income management, and unequal participation in decision-making.
- Weak coordination among CFUGs, local governments, and forest authorities.
- Limited technical capacity and financial support for sustainable forest management, NTFP value chains, and climate-smart agriculture.

Environmental and Social Safeguards Concerns:

- The need for inclusive and participatory planning that respects Indigenous Peoples' rights and customary practices.
- Risks related to forest restoration or plantation activities if vulnerable groups are excluded.
- The importance of integrating NbS and strengthening awareness of GBV/SEAH safeguards.

144. Stakeholders also provided several recommendations, including strengthening inclusive governance in CFUGs and municipal planning processes, promoting forest-based MSMEs and NTFP value chains, integrating climate-resilient practices such as agroforestry and water management, strengthening ESS and gender inclusion capacity, and establishing transparent monitoring and grievance mechanisms.
145. These consultations directly informed the final project design. Stakeholder inputs contributed to prioritizing NbS such as ecosystem restoration, watershed management, and forest fire risk reduction; strengthening forest-based MSMEs and NTFP value chains; aligning interventions with LAPAs and community-driven planning processes; strengthening CFUG governance and institutional capacity; integrating GESI considerations; and improving coordination between local governments, community institutions, and forest authorities. Specifically, stakeholder inputs resulted in: (i) adoption of the LLCA approach to address concerns on top-down design; (ii) strengthening of inclusive governance mechanisms to address representation gaps; (iii) integration of targeted capacity-building interventions for CFUGs and MSMEs; (iv) prioritization of forest-based enterprises and NTFP value chains to address market barriers; (v) alignment of fund flow and institutional arrangements with government systems to improve coordination; and (vi) incorporation of NbS and climate risk management measures (e.g., forest fire management, ecosystem restoration).
146. Overall, consultations indicated strong support for the proposed project. Stakeholders welcomed the initiative as an opportunity to address climate risks, strengthen sustainable forest management, and improve livelihoods. Participants expressed willingness to collaborate during project implementation through coordination, knowledge sharing, and alignment with local development plans and budgets, highlighting the importance of partnerships among government institutions, communities, civil society, and development partners. Stakeholders widely recognized the project as highly relevant to addressing climate vulnerability, forest degradation, and livelihood challenges in Karnali Province. Government stakeholders emphasized alignment with national and subnational policies (e.g., NAP, LAPA), while CFUGs, IPs, private sector actors, and civil society organizations expressed support for the project's focus on inclusive, locally led, and livelihood-oriented interventions.
147. All consultation outcomes, including discussion summaries and stakeholder feedback, were documented and shared with relevant stakeholders to ensure transparency, accountability, and informed participation throughout the project design process.

9.4.5.2 Implementation Phase

148. Stakeholder engagement during the implementation phase will emphasize collaboration, co-design, and adaptive management. Engagement mechanisms will include:
- Regular coordination and review meetings with provincial, district, and municipal governments, as well as CFUGs and other community institutions;
 - Co-design and refinement of localized activities with beneficiary communities to ensure cultural appropriateness and technical relevance including mainstreaming FPIC as part of activity planning and implementation process;

- Continuous capacity-building support for local governments, community institutions, and producer groups prior to and during large-scale interventions; and
- Participatory monitoring processes allow stakeholders to assess progress, identify challenges, and inform adaptive management decisions.

149. This approach will strengthen institutional coordination, enhance local ownership, and ensure that implementation remains responsive to evolving local conditions and stakeholder feedback. Information on ongoing engagement activities, including meeting schedules, outputs, and decisions, will be shared with all stakeholders through community meetings, notice boards, local NGOs/CBOs, and digital platforms where feasible.

9.4.5.3 Monitoring, Evaluation, Accountability and Learning (MEAL)

150. Stakeholders will be actively involved in monitoring, evaluation, accountability, and learning (MEAL) processes to promote transparency, accountability, and continuous improvement. Engagement mechanisms will include:

- Community scorecards and structured feedback sessions to capture beneficiary perceptions of project performance and impacts;
- Social audits and public disclosure events at community and municipal levels to promote transparency and downward accountability; and
- Annual reflection and learning workshops involving key stakeholders to document lessons learned, good practices, and areas for improvement.

151. At the end of the project, stakeholder engagement will focus on dissemination of project results, lessons learned, and sustainability planning. This will include final stakeholder workshops, knowledge-sharing events, and public disclosure of project outcomes to ensure transparency and facilitate replication of successful approaches.

9.4.6 Grievance Redress and Feedback Mechanism

152. The project-level GRM, a key component of the SEP, enables stakeholders to raise concerns, complaints, suggestions, and feedback at community/ward, municipal, and PMU/field levels. It is designed to be culturally appropriate, gender-sensitive, confidential, and accessible to marginalized and vulnerable groups, and may be integrated with existing local grievance mechanisms.

- All stakeholders will be informed about the GRM process, including how to submit complaints, expected timelines for resolution, and access points, through community meetings, local notice boards, printed materials, and NGO/CBO outreach.
- Grievances will be systematically recorded, tracked, and addressed within defined timelines, with oversight by the PMU. Information on the GRM process will be widely disseminated in local languages. Also, the Information on GRM operations and resolution outcomes will be regularly shared with stakeholders to ensure transparency. The GRM complements the AE's grievance mechanism and GCF's Independent Redress Mechanism (IRM), ensuring all vulnerable groups can access it and receive feedback.
- As part of the SEP, the project's GRM will include specific, survivor-centred procedures for handling GBV/SEAH cases. Complaints will immediately referred

to trained focal points, handle confidentially, and linked to services only with the survivor's informed consent. The GRM does not investigate GBV/SEAH cases but facilitates safe referrals and records case closure, with all information treated under strict confidentiality.

153. Through these disclosure mechanisms, stakeholders will remain informed of both the SEP and GRM, ensuring meaningful participation, accountability, and alignment with GCF RESP requirements.

9.4.7 Disclosure and Information Sharing

154. The project ensures timely, transparent, and inclusive disclosure of information throughout the project lifecycle, in line with GCF RESP requirements and Nepal's legal frameworks. Key project documents—including the Funding Proposal, ESAP, Indigenous Peoples Plan (if required), and SEP will be disclosed prior to project implementation through NTNC websites, municipal offices, CFUG offices, and community meetings. Information on project objectives, ESS requirements, beneficiary criteria, financing, and progress will be shared in local languages and accessible formats using culturally appropriate channels to support informed decision-making, accountability, and effective risk management, reaching all stakeholders, including vulnerable and marginalized groups. Also, information on the GRM and stakeholder engagement activities will be proactively shared with all stakeholders through community meetings, local CBOs, notice boards, and other culturally appropriate channels. This ensures that stakeholders are aware of how to raise concerns, provide feedback, and engage meaningfully throughout the project lifecycle. Information disclosure mechanisms are designed to address identified information gaps and ensure that stakeholders, particularly vulnerable groups, have access to timely, relevant, and understandable information to support meaningful participation and informed decision-making.

Table 8: Stakeholder Information Disclosure and Communication Methods

Method of Disclosure	Type of Information Disclose
Community meetings and consultations	<ul style="list-style-type: none"> Project objectives, components, and implementation arrangements ESS requirements, risks, and mitigation measures Communicating climate impact, risk and vulnerability information Feedback and grievance mechanisms
Printed and visual materials (leaflets, posters, notice boards)	<ul style="list-style-type: none"> Project overview and key activities Beneficiary selection criteria, financing, and support mechanisms Summary of environmental and social impacts and mitigation measures
Mass and traditional media (radio broadcasts, public address systems, newspapers)	<ul style="list-style-type: none"> Public announcements and project updates Information on ESS commitments and risk mitigation GRM access information
Electronic communication (email, digital platforms)	<ul style="list-style-type: none"> Project progress updates and performance information Key milestones and implementation status
Engagement through local NGOs, Community-based Organizations (CBOs), and public institutions	<ul style="list-style-type: none"> Targeted information dissemination in local languages Outreach to vulnerable and marginalized groups
On-site signage at project locations	<ul style="list-style-type: none"> Basic project information and activities Contact details of project focal persons and the GRM

9.4.8 Commitment to Continuous Engagement

155. Stakeholder engagement will be a dynamic, ongoing process throughout the project lifecycle, with newly identified or affected stakeholders integrated into the SEP and engagement activities. The SEP will be regularly reviewed and updated based on lessons learned, stakeholder feedback and grievances, changes in context or project design, adjustments in roles and consultation methods, and confirmation of intervention sites. This adaptive approach ensures engagement remains meaningful, inclusive, context-specific, and aligned with GCF RESP requirements, strengthening project effectiveness, sustainability, and social legitimacy. During disruptions (e.g., weather, disasters, remoteness, or pandemics), alternative channels such as radio, phone, or digital tools will be used to maintain engagement.

9.4.9 Implementation of SEP

156. The SEP will be implemented throughout the project lifecycle in line with GCF RESP and Nepal's legal frameworks, ensuring inclusive, transparent, and meaningful engagement, especially of women, Indigenous Peoples, and other vulnerable groups. Stakeholder feedback will be documented and integrated into decision-making and adaptive management. NTNC, as the Executing Entity, along with implementing partners, will oversee SEP implementation through designated focal points and adequate resources. The project-level GRM is an integral part of the SEP, and implementation outcomes will be monitored and reported to GCF.

9.4.10 Monitoring and Follow Up of SEP Implementation

157. SEP implementation will be continuously monitored to ensure inclusive, meaningful, and effective stakeholder engagement in line with GCF RESP, with particular attention to women, Indigenous Peoples, and other vulnerable groups. Monitoring will assess engagement quality, timeliness, inclusiveness, information disclosure, fulfilment of commitments, and GRM functionality.

158. Indicative SEP monitoring indicators include:

- Number and diversity of stakeholders engaged (disaggregated by gender, caste/ethnicity, IP status);
- Percentage of planned engagement activities conducted as scheduled;
- Number of stakeholder inputs incorporated into project decisions;
- Functionality of GRM (number of grievances received, resolved, average resolution time); and
- Stakeholder satisfaction with engagement processes.
- Stakeholder perception of transparency and inclusion in project decision-making
- Level of participation of women and Indigenous Peoples in consultations
- Satisfaction of communities with grievance handling

159. Monitoring and evaluation will use participatory approaches to track stakeholder diversity, participation, feedback, trust, and completion of agreed actions. The PMU will maintain engagement records and monitoring results, which NTNC will report to GCF via the APR. Findings will inform adaptive management, continuous improvement of engagement, and strengthened transparency and accountability.

9.4.11 Budget & Resources for SEP Implementation

160. Effective SEP implementation requires dedicated financial and human resources. Adequate funding will be allocated for consultations, community meetings, translation and dissemination of materials in local languages, operation of the GRM, and participatory monitoring and reporting. These costs will be incorporated into the overall project budget and annual work plans, with detailed allocations provided in the ESAP/Project Budget.

9.5 Annex-V: Grievance Redress Mechanism (GRM)

9.5.1 Introduction

161. The project *“Building Climate Resilience of Forest-Dependent Communities through Enhanced Livelihood Opportunities and Local Capacity in Karnali Province, Nepal”* engages diverse stakeholders, including communities, Community Based Organizations (CBOs), project staff, and government agencies, whose interests may be affected by project activities. To ensure timely, fair, and transparent resolution of concerns, the project has established a cost-effective Grievance Redress Mechanism (GRM) fully integrated into existing institutional arrangements complying with GCF’s RESP.

162. The GRM provides an accessible platform for stakeholders to raise complaints, inquiries, or suggestions related to social, environmental, ethical, or operational aspects of the project, including safeguards, anti-corruption, gender equality, data protection, Indigenous peoples’ rights, cultural heritage, biodiversity, health and safety, and other project impacts. Operating on principles of fairness, survivor-centricity, cultural appropriateness, transparency, responsiveness, and inclusiveness, the GRM aims to address grievances at the lowest level possible, ensure corrective action, and maintain stakeholder trust in project design and implementation.

163. The GRM is accessible to all stakeholders, including project workers such as NTNC Staff, FCU/Sub-unit staff, MSME employees, and contracted personnel. While project workers may also have access to employer-level grievance mechanism, they can independently use the project-level GRM to raise concerns. Information on the GRM process including channels, procedures, timelines, and responsible staff is regularly made available in accessible formats in Nepali and other local languages via the FCU, project partners, and project website. Awareness of the GRMs is promoted through trainings, community consultations, public events, and digital platforms, including the GCF Independent Redressal Mechanism (IRM). Project workers will receive guidance and support from ESS Expert and GRM Focal Persons to ensure safe, confidential, and effective grievance submission and handling.

164. Grievances can be submitted verbally or in writing to the Project Management Unit (PMU), FCU/sub-unit, local levels, Division Forest Offices, project staff via multiple confidential channels (complaint boxes, phone, SMS, email, postal mail). NTNC as an Accredited Entity (AE) have its own Redressal Mechanism (<https://www.ntnc.org.np/redressal-mechanis>) based on the guideline ‘Information Disclosure, Grievance Redressal and Conflict of Interest ¹⁸’ for transparency and

¹⁸ https://www.ntnc.org.np/sites/default/files/doc_page/Information_Disclosure_Grievance_Redressal_and_Conflict_of_Interest_%28Revised_2024%29.pdf

accountability for all projects and programs managed and implemented under NTNC. Any grievance may submit into the following address of NTNC:

Complaints/ Grievance Coordinator: Designated Manager

Phone No: 977-01-5253571, 5253573 Ext: 234

Email: info@ntnc.org.np

Address: Khumaltar, Lalitpur, P.O. Box 3712, Kathmandu, Nepal.

165. Each local level and district division forest office maintains its own ad-hoc grievance handling channels mentioned through their respective websites, including citizen charters and grievance boxes at their offices, as well as designated information officers in line with government rules and regulations. Following the establishment of the FCU in Surkhet and its sub-unit in Jumla, additional grievance points and addresses will be set up and informed to the stakeholders. Similarly, the PMU will have its own grievance handling mechanism and project website.

166. Submissions of any grievances should include the activity, location, issue description, impacts, date, prior actions, desired resolution, and contact details; anonymous or incomplete complaints will be verified before processing.

9.5.2 Overview of Grievance Review Procedure

167. The project has established a transparent GRM to ensure timely, fair, and culturally appropriate handling of stakeholder concerns, operating at both field and project levels in alignment with Nepal's legal framework and the GCF RESP . The mechanism promotes transparency by documenting grievance outcomes and periodically sharing consolidated updates with stakeholders through community meetings, public disclosure, and the project website. Lessons from grievances will inform adaptive management and be reflected in project monitoring and the APR. Table 9 outlines the grievance handling procedures for implementation:

Table 9: Grievance handling procedures

Steps	Procedures
1. Receive and register	Community organizations, households, individuals, or other stakeholders submit their grievances to the FCU or PMU. ESS Expert of PMU and Grievance Focal Person (GFP) within FCU/sub-unit will receive grievances or feedback through telephone/SMS, email, feedback/complaint box or other written or oral formats.
2. Acknowledge, screen, assess and assign	FCU/sub-unit and PMU screen grievances for eligibility. SEAH related grievances are immediately flagged for confidential handling and survivor-centered referral. Eligible grievances are assigned to staff for investigation; complex cases are referred to higher institutional levels. Investigating officers prepare reports with potential resolution options.
3. Respond and address	GFP propose resolution options to complainants and relevant stakeholders to reach agreement.
4. Implementation and Monitoring	Once agreed, the responsible officer implements the resolution. FCU Chief handles FCU-level resolutions; Project Team Leader (PTL) oversees PMU-level resolutions, directly or via FCU if appropriate.

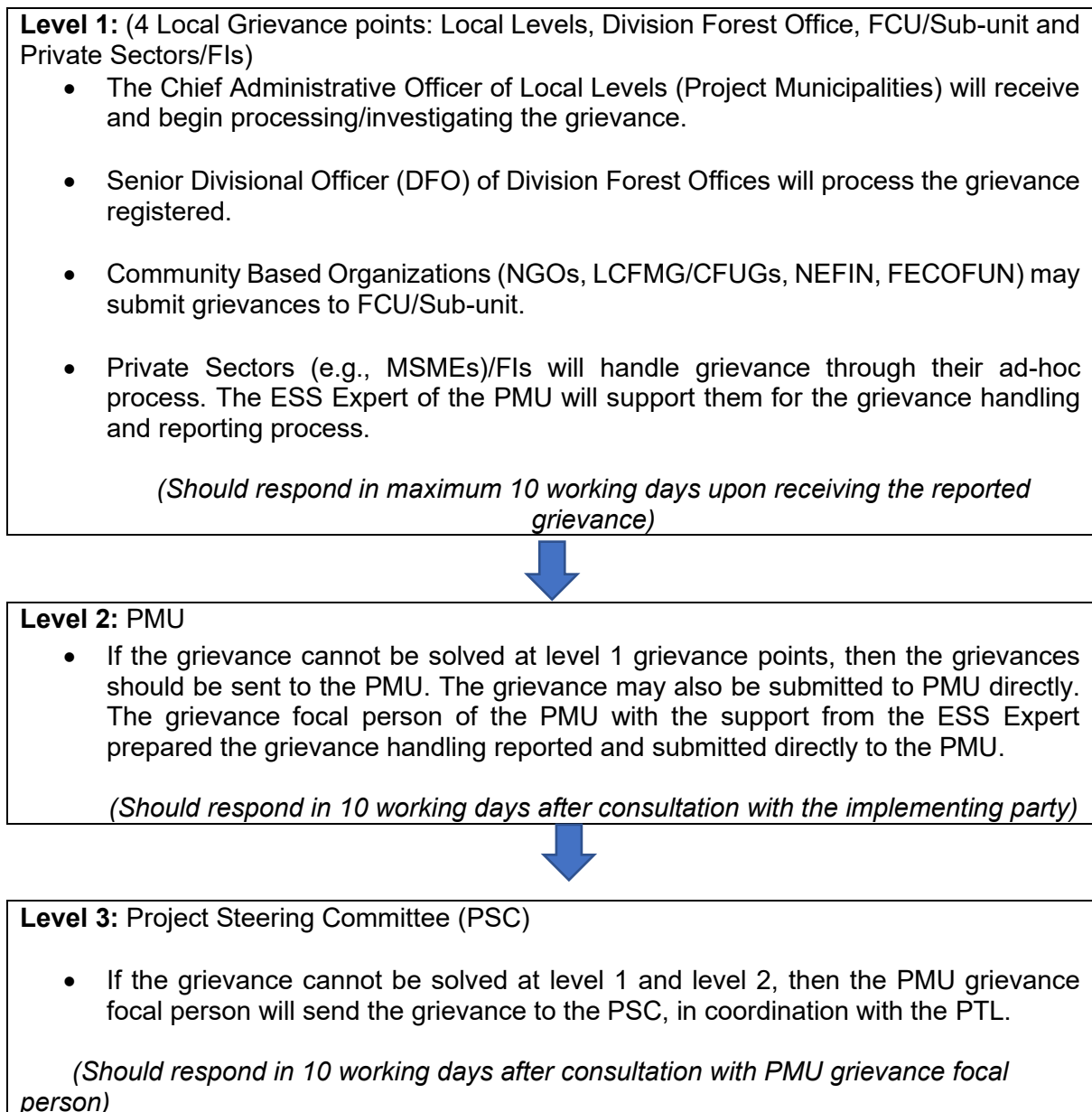
Steps	Procedures
	Progress and effectiveness are monitored continuously by PMU through the support of ESS Expert or designated staff using interviews, surveys, and performance indicators.
5.Reporting, Documentation	GFPs prepares periodic grievance status reports for the PTL. Consolidated information will be reviewed in project meetings and disclosed via community meetings, public disclosure events, and the project website. All grievance records will securely be stored in the grievance management system.
6.Closure, Feedback, and Appeals	Resolved grievances will be formally closed after confirming that agreed corrective actions have been implemented. Complainants will be informed of the outcome and may provide feedback on satisfaction with the resolution. Periodic summaries, including complaints, resolutions, and outcomes, will be submitted to the PTL. Dissatisfied parties may appeal to higher authorities or pursue other government mechanisms. Lessons learned will support GRM improvement and adaptive management.
7.Monitoring, Evaluation, and Continuous Improvement	The PMU, with ESS Expert support, will regularly monitor the GRM for timeliness, fairness, resolution quality, and complainant satisfaction. Grievance data will be analyzed to identify recurring issues, systemic risks, and opportunities for improvement. Consolidated grievance trends and lessons learned will be shared with stakeholders through stakeholder engagement and MEAL processes and reported to management. Annual summaries will be disclosed through project reporting channels, including the the APR to the GCF and published online. The GRM will be reviewed and updated annually based on findings, stakeholder feedback, best practices, and evolving project needs, in line with Nepalese law and the GCF RESP.

9.5.3 Grievance Redress Mechanism Structure

168. The GRM is designed to address all project-related complaints in a respectful, sensitive, and confidential manner, including specific procedures for GBV/SEAH cases. It ensures safe and ethical documentation, confidential reporting, and strictly prohibits retaliation, intimidation, or discrimination against complainants or witnesses who raise grievances in good faith.
169. Grievances will first be addressed through an internal national process, beginning at the local level in accordance with the Local Government Operation Act, 2017. Grievances will be filed with local governments, shared with the implementing units (FCU/Sub-unit) and the PMU, and processed by the Chief Administrative Officer. If a grievance cannot be resolved at the local level, it will be escalated to the PMU for further action.
170. Division Forest Offices will also serve as the first point of grievance receipt. The Senior Divisional Forest Officer (DFO) will process grievances and, if unresolved, escalate them to the PMU. The PMU ESS Expert will provide supports to Division Forest Offices on a need basis.

171. For activities implemented with Community-Based Organizations (CBOs), including NGOs, Federation of Community Forestry Users (FECOFUN), Nepal Federation of Indigenous Nationalities (NEFIN), Local Community Forest Management Groups (LCFMGs) such as CFUGs, grievances may be submitted directly to the FCU or Sub-unit.
172. While project implementing with the Private Sectors (e.g., MSMEs) and Financial Intermediaries (FIs), as far as possible local workers will be engaged for project execution. Project workers, including MSME employees, may access both employer-level grievance mechanisms and the project-level GRM without restriction. The ESS Expert of the PMU will train and assist them for the grievance handling. The GFP of these Private Sectors and FIs with the supports from ESS Expert will compile the grievance handling records and data and reports. They are mandatorily submitting quarterly grievance handling reports to FCU.
173. If the complaint does not satisfy from the resolution from these levels the unsolved grievances will further escalated to the PMU. All the complainants may also directly register the grievance into PMU.

174. The following flow chart shows how the GRM would operate:



175. If a grievance relates to GBV/SEAH, the implementing party will immediately notify a designated focal point trained in survivor-centred response and familiar with available GBV service and referral pathways. To minimize the risk of exposure and secondary harm, the focal point will ensure confidential handling and provide immediate referral to appropriate GBV service providers, based solely on the survivor's informed consent. The GRM will not conduct investigations into SEAH cases; its role is limited to facilitating safe referrals and recording case closure. All information related to GBV/SEAH complaints will be treated with strict confidentiality.

176. Referral pathways will rely on existing national and local GBV service providers, including government services, the National Women Commission hotline, and other accredited service providers available in project areas.

177. Grievance Redressal Committees (GRCs) will be established at each administrative levels during the implementation stage. The composition of GRCs at each level will be finalized during project execution.

9.5.4 External and Informal Resolution Mechanisms

178. The project GRM does not replace other avenues for complaint resolution. Complainants may seek judicial remedies in Nepal at any time or submit grievances to the GCF Independent Redress Mechanism (IRM) without exhausting project-level procedures:

Website: <https://irm.greenclimate.fund>

Email: IRM@GCFUND.ORG

179. Project workers, including NTNC staff, FCU/Sub-unit staff, MSME employees, and contracted personnel, may use either their employer-level grievance mechanisms or the project-level GRM. They can independently access the project-level GRM, ensuring confidential, safe, and effective handling of grievances, with support from ESS Expert and Grievance Focal Persons as needed.
180. Informal and customary grievance practices of local, ethnic, and religious communities will also be considered. Opinions or recommendations from traditional or community leaders may involve in informal resolution will inform formal decisions where relevant, provided they respect human rights, confidentiality and survivor protection principles.

9.6 Annex-VI: Indigenous Peoples Planning Framework (IPPF)

9.6.1 Introduction

181. The project 'Building Climate Resilience of Forest Dependent Communities through Enhanced Livelihood Opportunities and Local Capacity in Karnali Province, Nepal' covers 4 districts (Covering 31 local levels) including Dolpa, Jumla, Jajarkot, and Dailekh, which are characterized by remote mountainous terrain, rugged topography, and climate-sensitive livelihoods covering extensive community forests, rangelands, wetlands, and alpine ecosystems. The project aims to strengthen local institutions, build capacity, and support Locally Led Climate Action (LLCA) to enhance forest ecosystem resilience, improve climate governance, and increase adaptive capacity of vulnerable communities. Key interventions include climate-resilient forest restoration, sustainable forest-based enterprises, LAPA, community based early warning systems, and awareness-raising, generating environmental, economic, social, and gender-responsive co-benefits.
182. The Karnali province is home to diverse vulnerable and marginalized groups, including IPs, Dalits, women, and other disadvantaged communities, who are disproportionately affected by climate change, poverty, and limited access to basic services. These groups rely heavily on subsistence agriculture, livestock rearing, and forestry, and face heightened risks from landslides, droughts, floods, and glacial lake outburst floods (GLOFs). Gender inequality and social exclusion further exacerbate vulnerabilities, limiting decision-making power and access to resources for women and Dalits.
183. In Nepal, IPs are legally recognized as Adivasi/Janajati, and they are present in the proposed project areas. IPs in Karnali maintain strong cultural ties and traditional

knowledge linked to forests and natural resources, which provide fuelwood, fodder, timber substitutes, medicinal and aromatic plants, wild foods, and other non-timber forest products (NTFPs). The project respects customary land use, access to resources, and governance structures, including community forest user groups (CFUGs), while promoting sustainable forest management and climate-resilient livelihoods.

184. Through a GESI approach, the project ensures that women, IPs, Dalits, and other marginalized groups are actively engaged in planning, decision-making, and implementation. Targeted measures include promoting women-led groups, inclusive governance, equitable benefit-sharing, and culturally appropriate consultations, alongside adherence to FPIC principles for activities affecting IP lands and collective rights.

185. This IPPF is designed to identify, mitigate, and monitor environmental and social risks, particularly for vulnerable and marginalized groups. Developed in accordance with Article 38 of the GCF Indigenous Peoples Policy, IFC) Performance Standard 7, and national laws, it ensures that project activities respect the rights, culture, and livelihoods of IPs through inclusive, participatory approaches. The IPPF guides implementing agencies, municipalities, farmers' groups, and project staff in screening project impacts, conducting consultations, obtaining FPIC, and preparing site-specific IPPs when activities affect Indigenous communities. The IPPF was prepared through consultations with IPs and their organizations to align with their priorities, customs, and cultural contexts, with outcomes documented in the final framework. IP organizations will support implementation, including community engagement, FPIC, and IPPs preparation. Engagements, consultations, and FPIC will be clearly distinguished, with only those meeting GCF standards recorded as formal consultations, and all processes systematically documented, including participants, issues raised, agreements, and project responses.

186. This IPPF will also apply to private sector actors, MSMEs, and financial intermediaries involved in the project. Under the Environmental and Social Management System (ESMS), all activities must comply with the IPPF and any applicable IPPs. Screening procedures will assess whether project activities may adversely affect Indigenous Peoples' rights, lands, resources, or cultural heritage. Where such impacts are identified, an IPP will be prepared and disclosed to guide appropriate mitigation and impact management measures.

Minority and Indigenous communities in Project Area:

187. Karnali Province is home to diverse caste and ethnic groups, reflecting a rich socio-cultural composition. The population (Population: 591,653, Female: 303,090 & Male: 288,563) of the project area is dominated by Brahmin, Chhetri, Thakuri and other Khas-Arya (BCT) groups (64.49%), followed by Dalits (26.02%), Indigenous Peoples (9.16%), while minorities, Madhesi groups, and others together account for less than 1% of the population (Table 10).

Table 10 Caste/Ethnicity wise population distribution in the project area

Caste/Ethnicity	Female	Male	Total	Proportion of Population (%)	Major Caste/Ethnic groups
IPs	27836	26370	54206	9.16	Magar, Gurung, Kumal, Majhi, Tamang, Rai, Gharti/Bhujel, Dolpo, Thakali, Newar, Tharu, Yakthung/Limbu

Caste/Ethnicity	Female	Male	Total	Proportion of Population (%)	Major Caste/Ethnic groups
Dalits	80019	73944	153963	26.02	Bishwokarma, Pariyar, Mijar, Sunar, Sunuwar, Badi, Gaine, Musahar
Minorities	299	324	623	0.11	Musalman
Madhesi	68	72	140	0.02	Yadav, Teli
BCT	194332	187246	381578	64.49	Brahmin, Chhetri, Thakuri, Malla, Sanyasi/Dasnami
Others	523	579	1102	0.10	
Foreigner	13	28	41	0.01	
Total	303090	288563	591653	100	

(Source: National Statistics Office, 2021)

188. Dalits are the largest marginalized group in the project area, making up 26.02% of the population, including communities such as Bishwokarma, Pariyar, Mijar, Sunar, Sunuwar, Badi, Gaine, and Musahar, who have faced long-standing social exclusion and discrimination. IPs of the project area represent 9.16% (nationally 35 % of total population are from 59 IP group) and include communities such as Magar, Gurung, Kumal, Majhi, Tamang, Rai, Gharti/Bhujel, Dolpo, Thakali, Newar, Tharu, and Yakthung/Limbu, many of whom maintain livelihoods closely linked to forests and natural resources. These groups have unique cultural identities, traditional knowledge, and livelihoods closely connected to the region's natural resources. Similarly, smaller population groups (Musalman) in the project area include minorities (0.11%) and Madhesi (0.02%) communities. This diverse demographic composition highlights the need for inclusive and culturally sensitive project approaches to ensure equitable participation and benefit-sharing among Indigenous Peoples, Dalits, and other marginalized communities.

189. In Nepal, IPs are a very heterogeneous group and in the context of this project and framework it is important to distinguish the vulnerable and poor IP from the others. Recognizing the scope of the GCF IPs Peoples Policy, the project will include all recognized IPs groups within the area, ensuring their meaningful participation, protection of their rights, and fair access to benefits. Additionally, the project will acknowledge and include Dalits and other self-identifying IP groups who may not have formal recognition but claim Indigenous identity (A high-level task force had recommended including an additional 22 ethnic groups in the indigenous nationalities in 2010 under the scope of NFDIN Act, however, no decision has been made about this). This inclusive approach will promote social equity, address past marginalization, and uphold the principles of FPIC. This diverse socio-cultural composition highlights the importance of inclusive, culturally sensitive, and equitable approaches in project planning and implementation, ensuring meaningful participation and fair benefit-sharing among Indigenous Peoples, Dalits, and other marginalized communities.

9.6.2 Objectives of IPPF

190. The main objective of IPPF is to avoid or minimize adverse impacts on IPs by exploring all alternatives before finalizing project components or subprojects and ensuring that

affected communities receive culturally appropriate social and economic benefits. Its principal objectives are to:

- (i) screen subprojects/components early to assess impacts on Indigenous Peoples households;
- (ii) ensure meaningful participation of affected Indigenous Peoples throughout preparation, implementation, and monitoring;
- (iii) ensure project benefits accrue to Indigenous Peoples and adverse impacts are mitigated;
- (iv) define institutional arrangements for screening, planning, and implementation;
- (v) outline the structure of IPPs to address any impacts; and
- (vi) establish monitoring and evaluation processes.

9.6.3 Policy and Legal Framework

191. The project will be implemented in accordance with Nepal's national legal framework and international safeguards, ensuring that Indigenous Peoples' (IPs) rights, cultural heritage, and access to natural resources are fully respected. All project activities will uphold existing land tenure arrangements including community forests, leasehold forests, and areas governed by customary access rights ensuring that IPs and local communities retain legal and customary rights without interference, and that no involuntary land acquisition occurs. Participatory decision-making will guide restoration, conservation, and livelihood activities to align with local tenure practices and safeguard traditional access to resources.

192. The national and international legal framework relevant to this IPPF is described below:

9.6.3.1 National Legal Framework

193. The project aligns with key national laws and policies, including:

- **Constitution of Nepal (2015 AD):** Recognizes the rights of Indigenous Peoples to preserve their culture, language, and traditional knowledge, and guarantees their participation in decisions affecting lands and resources.
- **Forest Act (2019 AD):** Provides the legal basis for community-based forest management and sustainable use, supporting IPs' and communities' rights to access and manage forests.
- **Local Government Operation Act (2017 AD):** Empowers local governments to engage communities in planning, resource management, and inclusive decision-making at municipal and ward levels.
- **National Foundation for Development of Indigenous Nationalities (NFDIN) Act (2002 AD):** Ensures recognition and protection of IPs' cultural, social, and economic rights, supporting their development and empowerment.
- **Community Forestry Guidelines:** Provide practical guidance for participatory forest management, emphasizing equitable benefit-sharing, inclusion of marginalized groups, protection of customary rights, and prevention of elite capture within CFUGs.

194. All project interventions will be designed to respect customary land-use rights and local governance structures, ensuring IPs and communities maintain ownership and access while promoting sustainable resource management.

9.6.3.2 International Legal Framework

GCF Indigenous Peoples Policy:

195. The project aligns with the GCF Indigenous Peoples Policy to safeguard IPs' rights and ensure equitable benefits:

- Respect IP rights and culture, recognizing cultural heritage, traditional knowledge, and customary practices.
- Apply FPIC for activities affecting IP lands, resources, or sacred sites, ensuring decisions are made collectively and voluntarily.
- Conduct culturally appropriate consultations in local languages and through accessible, inclusive processes.
- Promote equitable benefit-sharing from forest restoration, livelihood development, and climate adaptation interventions, targeting women, marginalized households, and remote populations.

IFC Performance Standard 7 (PS7):

196. The project also adheres to IFC PS7 to ensure the protection of IPs' rights, lands, and livelihoods:

- Identify affected Indigenous Peoples and assess potential impacts on lands, resources, livelihoods, and culture, including spiritual and traditional ties.
- Prioritize avoidance of adverse impacts; where unavoidable, implement mitigation measures in consultation with affected communities.
- Engage IPs early with culturally appropriate information, respecting collective decision-making, governance structures, and social norms.
- Ensure equitable access to employment, capacity-building, finance, and livelihood opportunities, with inclusion of women, youth, and marginalized groups.
- Provide accessible grievance mechanisms and monitor the effectiveness of mitigation and benefit-sharing measures to safeguard rights and ensure equitable outcomes.

197. Through this integrated framework, the project ensures that all activities protect IPs' legal and customary rights, avoid involuntary land acquisition, and foster meaningful participation in climate adaptation, natural resource management, and sustainable livelihood initiatives.

9.6.4 Potential Project Impacts on Indigenous Peoples

198. IPs in the project area rely heavily on forests, water sources, and natural ecosystems for their livelihoods, cultural practices, and traditional knowledge systems. Project interventions such as forest restoration, sustainable forest management, climate-resilient NTFP/MAP value chains, community-based early warning systems, and implementation of LAPA are expected to generate significant benefits for Indigenous communities. These include improved ecosystem health, strengthened climate resilience, enhanced livelihood opportunities, and increased participation in local resource governance.

9.6.4.1 Positive Impacts

199. The project is expected to deliver significant benefits for Indigenous Peoples, particularly in supporting livelihoods, enhancing climate resilience, and promoting inclusive governance of natural resources:

- Climate-resilient Forest restoration: Sustainable Forest management and restoration activities will strengthen ecosystem resilience and help Indigenous communities adapt to climate change.
- Improved ecosystem services: Restoration and conservation efforts will enhance forest health, water availability, and other critical resources that support traditional livelihoods and cultural practices.
- Sustainable forest-based enterprises: Development of climate-resilient non-timber forest products (NTFP) and medicinal and aromatic plants (MAP) value chains will generate sustainable income opportunities.
- Access to climate finance and capacity-building opportunities: Indigenous communities will benefit from training, technical support, and financial resources, fostering equitable participation in local adaptation initiatives.

200. However, despite the overall positive outlook, some potential risks and impacts may arise during project implementation:

9.6.4.2 Adverse Impacts

201. Despite the overall positive outlook, several potential adverse impacts may arise during project implementation. These require careful management and mitigation:

- Restricted access to customary forest resources: Restoration, conservation, or changes in forest management practices could temporarily affect traditional use of forest products if participatory planning is insufficient.
- Risks to cultural practices and sacred sites: Project activities could inadvertently affect areas of spiritual or cultural importance if Indigenous values are not adequately identified and respected.
- Exclusion from CFUG governance: Women, poorer households, and remote communities may have limited influence in community forest user group (CFUG) decision-making without effective inclusion mechanisms.
- Limited participation and elite capture in CFUGs: Local elites could dominate planning and resource allocation, reducing equitable access to benefits for marginalized Indigenous groups.
- Loss of traditional land-use rights: Changes in forest management or conservation measures could affect customary land-use practices if cultural rights are not fully considered.
- Communication and information barriers: Language differences, literacy levels, or limited access to information channels may prevent some Indigenous Peoples from fully understanding project objectives, opportunities, and grievance mechanisms.
- Gender and social inclusion concerns: Indigenous women may face barriers to participation in training, leadership roles, or economic activities due to existing social norms and workload burdens.
- Inequitable distribution of project benefits: Geographic isolation, social marginalization, and lack of targeted inclusion measures could limit access to livelihood support, training, or value-chain opportunities.

Overall Risk Characterization and mitigation:

202. The ESAP assesses risks to Indigenous Peoples as “low” and manageable. The project applies FPIC, avoids land acquisition and large-scale infrastructure, and ensures inclusive participation through CFUGs, local governments, and stakeholder engagement. Gender and social inclusion measures, monitoring, and a GRM safeguard rights and access to resources. To prevent elite capture, CFUG governance will include IP and women representation, transparent reporting, participatory budgeting, and community monitoring, while supporting IP livelihoods through forest-based enterprises such as NTFPs, medicinal plants, eco-tourism, and climate-smart agroforestry.

9.6.5 Consultation and Participation

203. The project will ensure meaningful consultation and participation of IPs throughout planning, design, implementation, and monitoring in accordance with the GCF Indigenous Peoples Policy and IFC Performance Standard 7 (PS7). This approach ensures that IPs’ rights, cultural values, and livelihoods are respected, and that potential adverse impacts are avoided or minimized through culturally appropriate consultations, inclusive participation of women and marginalized groups, and the application of FPIC where required.

204. Engagement will be carried out through existing community institutions such as Community Forest User Groups (CFUGs), local governance mechanisms, and Indigenous community leaders, while respecting customary laws and practices to promote inclusive participation and equitable benefit sharing. Consultations with IP communities will be continuous throughout the project lifecycle. The FCU/Sub-unit, in coordination with the PMU and supported by the Environmental and Social Safeguards (ESS) Expert, will conduct consultations in line with the project’s stakeholder participation and communication strategy to inform stakeholders about project activities, access to benefits, and to integrate community feedback into project planning and implementation.

205. A structured consultation framework includes:

- Planning and scheduling dialogue throughout the project cycle.
- Using culturally appropriate methods to allow IPs to freely express views and preferences.
- Engaging IP organizations, farmers’ groups, community elders/leaders, NGOs/CBOs, and other knowledgeable stakeholders.
- Documenting consultations and incorporating findings into Indigenous Peoples Plans (IPPs).

206. Consultation timing, probable participants and methods, and expected outcomes are suggested in the matrix below:

Table 11: IP's Consultation Plan (integration with FPIC)

Project Phase / Timing	IPs Stakeholders	Consultation FPIC Method	FPIC Linked Steps	Expected Outcome / Safeguards Alignment
Reconnaissance of locations	IP organizations, community elders/leaders, key informants	Informal spot interviews, group discussions, site visits	a. Identify affected IP communities	Initial assessment of cultural, socio-economic characteristics; early identification of potential

Project Phase / Timing	IPs Stakeholders /	Consultation FPIC Method /	FPIC Steps Linked	Expected Outcome / Safeguards Alignment
				social risks (GCF & IFC PS7 alignment)
Screening of proposals	IP organizations, community leaders, key informants	Open meetings, formal/informal interviews, focus group discussions	b.Initial consultations with traditional institutions	Identification of potential impacts; preliminary feedback on alternatives and mitigation measures
Social Assessment	Individual IPs/households, farmers' groups, cooperatives, SMEs	Structured survey questionnaire	c.Disclosure of project information	Detailed assessment of impact magnitude, livelihood dependence, and cultural ties; inputs for IPP preparation
Proposal Review & Design	Farmer organizations, community leaders of affected IPs	Consultations, hot-spot discussions	d.Community deliberation	Incorporation of social screening results and mitigation measures into design; ensures culturally appropriate project design
Implementation	Individual IPs, IP organizations, community leaders/elders	Implementation monitoring committees, participatory observation	e. Negotiation of mitigation & benefit-sharing measures	Timely resolution of issues; effective execution of actions to enhance IP benefits and protect rights
Monitoring & Evaluation	IP organizations, groups, individuals	Participation in review meetings, feedback sessions	f. Documentation of consent	Verification of IP participation, effectiveness of mitigation measures, equitable benefit-sharing; reporting to PMU for adaptive management

207. The consultation process follows a phased approach: reconnaissance, proposal screening, social assessment, proposal review and design, implementation, and monitoring & evaluation. Methods include informal interviews, group discussions, focus groups, structured surveys, and participation in implementation and review committees. Outcomes include identification of social risks, integration of mitigation measures, informed design adjustments, and monitoring of benefit-sharing mechanisms.

208. As IPs are present in the project areas, the project will ensure culturally appropriate consultation processes consistent with the principles of FPIC. In accordance with the GCF Indigenous Peoples Policy, FPIC will be applied within the circumstances requiring FPIC, particularly for activities that may affect IP lands, customary resources, sacred sites, cultural heritage, or involve land-use restrictions. The FPIC process will follow key principles, including culturally appropriate consultations, adequate time for community decision-making, disclosure of information in local languages, and respect for Indigenous Peoples' collective decision-making processes. The FPIC steps are:

- a. Identify affected IP communities.
- b. Conduct initial consultations with traditional institutions.
- c. Disclose complete project information to the community.
- d. Facilitate community deliberation on impacts and options.
- e. Negotiate mitigation measures and benefit-sharing arrangements.

f. Formally document consent.

209. This integrated consultation and FPIC approach ensures alignment with GCF safeguards and IFC PS7, promoting inclusive, participatory, and culturally respectful engagement with Indigenous Peoples throughout the project.

9.6.6 Capacity Building

210. At the start of the project, FCU/Sub-unit and PMU staff will receive training on Indigenous Peoples (IP) impact assessment, safeguard planning, IPP implementation, and monitoring, including environmental and social screenings. This training will be designed and delivered by the ESS Expert under the PMU to ensure staff can effectively address IP concerns.

211. If an IPP is prepared during implementation, it will identify the resources required for execution at each sub-project. Field-level capacity development will then be carried out by FCU/Sub-unit staff under the guidance of the ESS Expert, with supervision from the M&E Expert and other PMU staff to ensure quality, proper stakeholder coordination, and effective implementation.

212. In parallel, awareness and orientation sessions will be organized for CFUG members, community members, farmers' groups, and cooperatives participating in the project, strengthening local understanding of project activities and IP safeguards.

9.6.7 Grievance Redress Mechanism (GRM)

213. A project-specific GRM will be established (Annex-V) to receive, evaluate, and facilitate resolution of affected persons' concerns, complaints, and grievances related to social, environmental, and other concerns on the project. Grievances may be channeled through letters, emails, text messages (SMS), verbal narration, grievance box and registers.

214. The PMU will establish and maintain a GRM to support the social and environmental safeguards of the project. The GRM will receive, evaluate, and facilitate the resolution of impacted people's feedback, including concerns, complaints, and grievances about the social and environmental performance at the level of the Project. The GRM shall aim to ensure:

(i) The basic rights and interests of every person affected by poor environmental or social performance of the project are protected;

(ii) Concerns arising from the poor environmental or social performance of the project during the conduct of pre-construction, construction and operation activities are effectively and timely addressed; and

(iii) There is zero tolerance on Sexual Harassment, exploitation, and abuse (SHEA) during all stage of the project.

215. The GRM will ensure that all grievances of all stakeholders, including from women and disadvantaged groups, are addressed within a time-bound and effective manner. The GRM will be culturally appropriate and gender responsive, equipped to receive and facilitate resolution of the Indigenous Peoples' concerns. This will be supported through: (i) if possible, membership of the indigenous peoples or their representative at every tier GRM; (ii) availability of the GRM form in local/indigenous dialect; (iii) installation of

grievance box at all project locations; (iv) and installation of project billboard in the villages with grievance focal person's contact details and procedure on how to file a complaint, including in local or indigenous dialect. The GRM and its objective and functioning will be explained and shared during the initial project information dissemination to all community people, as part of stakeholder communication strategy, which will be continued to be disseminated.

9.6.8 Institutional and Implementation Arrangements

216. The NTNC is the executing agency of the project. NTNC will be responsible for overall coordination, implementation, and monitoring of the project activity including safeguard compliance. The PMU will have overall responsibility for environmental and social safeguards, ensuring compliance with the GCF Indigenous Peoples Policy, IFC Performance Standard 7, national laws, and other relevant project requirements.
217. The PMU will monitor safeguard implementation, consolidate inputs from the Field Coordinating Unit (FCU)/Sub-unit, and provide information for safeguard monitoring and project progress reports, including the APR submitted to the GCF. Acting as the focal point, the PMU will engage professional expertise, including the Environmental and Social Safeguards (ESS) Expert, to conduct safeguard impact screenings, prepare reports, and develop IPPs when required. The PMU will also oversee the implementation of actions designed to ensure equitable access to project benefits and capacity development opportunities for IPs and other marginalized groups.
218. The FCU/Sub-unit, with regular support from the ESS Expert and the Monitoring and Evaluation (M&E) Expert, will facilitate public consultations with project beneficiaries, Indigenous Peoples, and other stakeholders at the subproject level, and maintain records of these consultations. Staff at the FCU/Sub-unit will be trained to engage with IPs in socially and culturally appropriate ways. They will also address safeguards-related concerns raised by affected communities through the project's GRM and ensure that appropriate corrective measures are implemented.
219. Under the IPPF, the NTNC will provide overall safeguards oversight and ensure that project activities comply with the IPPF and respect the rights, culture, and livelihoods of IPs. Local governments will coordinate project implementation at the municipal level, facilitate inclusive planning processes, and manage grievances through the project's grievance redress mechanism. Forest User Groups (FUGs) will implement community-level activities such as sustainable forest management and restoration while ensuring equitable benefit sharing and participation of Indigenous Peoples. IPs organizations will support culturally appropriate consultations, promote participation of IP communities in decision-making, and contribute to monitoring IPPF implementation.
220. In addition, Micro, Small and Medium Enterprises (MSMEs) will support IP-inclusive forest-based enterprises and livelihood opportunities, particularly in value addition and sustainable use of non-timber forest products. The private sectors will strengthen market linkages, investment, and technology transfer to enhance sustainable and inclusive economic opportunities for Indigenous communities. Financial Institutions (FIs) will facilitate access to credit and financial services for Indigenous Peoples, cooperatives, and community groups to support climate-resilient livelihoods and enterprises in line with IPPF objectives.

9.6.9 Monitoring and Reporting

221. The PMU, supported by ESS Expert and M & E Expert is responsible for social safeguards monitoring. The PMU, as the executing and implementing agencies, will monitor compliance with safeguards covenants, will regularly monitor activities related with indigenous people in different outputs, recommendation of E & S Screening and enhancement and mitigation measures included in IPP (if any prepare during implementation). The PMU will report progress, issues, and measures to address those on a quarterly basis to FCU/Sub unit. The FCU/Subunit will consolidate information and prepare semi-annual social monitoring report and will submit to PMU. The PMU will consolidate information from FCU and prepare APR and submit to GCF for review, clearance, and disclosure for effectiveness of the project.

222. The monitoring and reporting process will involve consultations with relevant organizations as well as feedback from stakeholders themselves, such as participating local governments, farmers groups/ cooperatives, MSMEs, community-based organizations, NGOs. Key indicators for monitoring include the number of consultations conducted with Indigenous Peoples, proper documentation of these consultations, the number of Indigenous households benefiting from project-supported livelihoods, the level of participation of Indigenous Peoples in governance and decision-making, and the integration of monitoring findings into ESAP reporting. The PMU will inform GCF if any unanticipated social risks and impacts arise during construction, implementation or operation of the Project that were not considered during risk screening and in IPP promptly of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan.

9.6.10 Budget and Implementation

223. The project budget, managed by the executing agency, will support IPs safeguards by covering consultations and FPIC processes, translation and communication materials, training and capacity building, monitoring, grievance mechanisms, human resources, surveys, information dissemination, and stakeholder participation for the preparation, implementation, and monitoring of Indigenous Peoples Plans (IPPs). Since the specific impacts on IPs are not yet fully known, it is not feasible to prepare a detailed budget at this stage. The PMU, with support from the ESS Expert, will develop a detailed itemized budget that accounts for all activities related to IPP formulation and implementation. A preliminary estimate for these safeguards has been included as part of the overall project cost.

9.6.11 Outline of Indigenous Peoples Plan (IPP)

224. The IPP will be prepared to address potential adverse impacts on IPs and to enhance existing and potential opportunities and benefits for them, particularly for those directly affected by project activities. An IPP will be developed when project components are likely to affect IPs. If no impacts are identified, a due diligence report will be prepared to confirm the absence of impacts on Indigenous communities. The following outline provides the key guidelines and steps to be followed in the preparation of the IPP:

Executive Summary

225. This section provides a concise summary of the Indigenous Peoples Plan, including:

- Project overview and objectives

- Key findings of the social and environmental assessment
- Major risks, impacts, and opportunities for Indigenous Peoples
- Summary of mitigation and benefit-sharing measures
- Key implementation arrangements and monitoring mechanisms.

Description of the Project

226. This section provides an overview of the project, including:

- Project objectives, components, and key activities
- Geographic location and project area
- Activities that may affect Indigenous Peoples and their lands, territories, or resources
- Identification of Indigenous Peoples communities potentially affected by the project.

Legal, Policy and Institutional Framework

227. This section reviews the relevant frameworks applicable to Indigenous Peoples, including:

- National laws and policies related to Indigenous Peoples rights and participation
- Relevant international frameworks (e.g., UNDRIP, ILO Convention 169 where applicable)
- Institutional roles and responsibilities for Indigenous Peoples issues in the project area.

Baseline Information and Socio-Cultural Context

228. This section provides baseline information derived from independent and participatory environmental and social risk and impact assessment processes, including:

- Demographic, social, economic, cultural, and political characteristics of Indigenous Peoples communities
- Traditional land and territorial use, natural resource dependency, and livelihood systems
- Cultural practices, governance systems, and customary institutions
- Tenure arrangements and customary land and resource rights.

Social Impact Assessment

229. This section presents the key findings and analysis of environmental and social risks, impacts, and opportunities, including:

- Assessment of potential positive and negative impacts of project activities on Indigenous Peoples
- Gender-sensitive analysis of vulnerabilities, risks, and differentiated impacts on women, youth, and marginalized groups within Indigenous communities
- Assessment of Indigenous Peoples' perceptions of the project and its potential social, economic, and cultural implications
- Identification of opportunities for enhancing benefits and community resilience.

Information Disclosure, Consultation and Participation

230. This section describes stakeholder engagement processes carried out during project preparation and planned for implementation, including:

- Information disclosure mechanisms used to inform Indigenous Peoples about the project
- Consultation processes undertaken during environmental and social risk and impact assessments
- Results of consultations, including key concerns raised and how they were addressed in project design
- Documentation of the FPIC process where required
- List of participating individuals and organizations, consultation timelines, and responsible parties
- Future engagement and participation plans during project implementation.

Beneficial Measures

231. This section specifies measures to ensure that Indigenous Peoples receive culturally appropriate, equitable, and gender-responsive benefits from the project, including:

- Social and economic benefit-sharing plans
- Community-based natural resource management initiatives
- Livelihood improvement and climate resilience opportunities
- Gender-responsive development measures
- Strengthened participation of Indigenous Peoples in project planning and implementation activities.

Mitigative Measures

232. This section identifies measures to address potential adverse impacts on Indigenous Peoples, including:

- Actions to avoid adverse impacts wherever possible
- Measures to minimize and mitigate unavoidable impacts
- Compensation measures for any residual adverse impacts, where required
- Protection of Indigenous Peoples' lands, territories, natural resources, and cultural heritage.

Capacity Building

233. This section outlines measures to strengthen capacities of:

- Government institutions and implementing agencies to address Indigenous Peoples issues in the project area.
- Indigenous Peoples organizations and community institutions to effectively represent affected communities.
- Indigenous community members to participate in sustainable natural resource management and project implementation.

Grievance Redress Mechanism

234. This section describes culturally appropriate and accessible procedures for addressing grievances from affected Indigenous Peoples communities, including:

- Structure and operational procedures of the GRM
- Measures to ensure accessibility for Indigenous women and vulnerable groups
- Defined timelines and institutional responsibilities for grievance handling
- Linkages with project-level and national grievance mechanisms.

Implementation Arrangements, Budget and Timeline

235. This section describes how the IPP will be implemented, including:

- Institutional responsibilities and coordination arrangements
- Implementation schedule and key milestones
- Cost estimates and dedicated budgets for IPP implementation.

Monitoring, Reporting and Evaluation

236. This section outlines mechanisms for tracking IPP implementation and outcomes, including:

- Mechanisms and benchmarks for monitoring and evaluating the implementation of the IPP.
- Monitoring indicators and performance benchmarks to track progress and outcomes.
- Participatory monitoring involving affected Indigenous Peoples communities.
- Reporting requirements, timelines, and responsible institutions.
- Arrangements for Indigenous Peoples' participation in the preparation and validation of monitoring and evaluation reports.
- Evaluation processes and adaptive management measures to improve implementation.

9.7 Annex-VI: Chance Find Procedure

9.7.1 Background

237. Although the Karnali Project does not anticipate impacts on known cultural heritage sites, certain field activities such as small-scale restoration works, check dam construction, forest management interventions, or site preparation may unintentionally uncover previously unknown tangible or intangible cultural heritage, including archaeological artifacts, sacred objects, historical remains, sacred natural sites, or culturally significant landscapes. In line with the GCF RESP and IFC Performance Standard 8 (Cultural Heritage), the project has established this Chance Find Procedure (CFP) to manage any unexpected discoveries during project implementation.

238. The procedure ensures respect for the cultural identity, beliefs, customary practices, and traditional knowledge of IPLCs and other disadvantaged groups in Karnali. These communities maintain strong cultural and spiritual connections with forests, water sources, sacred sites, and culturally important trees and animals, which are integral to their traditions and livelihoods. All project-supported subprojects, contractors, community groups, and MSMEs must comply with this procedure.

9.7.2 Objectives of the Procedure

239. The objectives of the CFP are to:

- Protect cultural, historical, archaeological, and spiritual heritage that may be discovered during project activities.
- Prevent disturbance or damage to undocumented or intangible cultural heritage.
- Ensure timely notification, investigation, and preservation of such finds.

9.7.3 Procedures

240. If any worker, community member, or project staff discovers artifacts, fossils, structures, human remains, sacred objects, or other materials of cultural, historical, archaeological, or spiritual significance.

241. The following steps will be followed:

Step 1: Immediate Suspension of Work

All project activities in the area of the discovery must stop immediately to prevent disturbance or damage to the site.

Step 2: Delineation and Protection of the Site

The discovered location will be clearly marked and secured to prevent damage, removal, or disturbance of objects. If necessary, temporary fencing or supervision will be arranged until responsible authorities arrive.

Step 3: Notification

The contractor, community group, or field team leader will immediately notify the Field Coordination Unit (FCU). The Chief of the FCU will promptly inform the PMU. The PMU will formally notify the Department of Archaeology (DoA) and other relevant authorities for guidance.

Step 4: Assessment by Competent Authorities

Qualified experts designated by the Department of Archaeology or relevant government agencies will conduct an assessment to determine the cultural, archaeological, historical, or spiritual significance of the discovery.

Step 5: Community Consultation and Cultural Considerations

If the discovery is associated with sacred natural sites, cultural traditions, or Indigenous Peoples' heritage, the project will conduct culturally appropriate consultations with local communities, Indigenous Peoples, or traditional custodians. Where applicable, project decisions related to the management of such heritage will respect FPIC principles, ensuring that Indigenous Peoples and affected communities can participate meaningfully in decision-making.

Step 6: Management and Protection Measures

Based on the expert assessment and consultations, authorities may recommend appropriate measures such as:

- Documentation and recording of the discovery
- Protection and preservation of the site
- Salvage excavation or removal of artifacts
- Modification of project design or relocation of activities to avoid the site

Step 7: Authorization to Resume Work

Project activities may resume only after written clearance is provided by the relevant government authorities and the PMU confirms that required safeguards have been implemented.

4. Training and Awareness

242. All contractors, community-based organizations (CBOs), MSMEs, and project workers will receive orientation on the CFP before field activities begin. This will ensure proper identification and reporting of potential cultural heritage discoveries. This CFP will be included as a standard clause in all construction contracts and agreements with contractors, MSMEs, and community organizations implementing project activities.

5. Monitoring and Reporting Responsibilities

243. In the event of a chance find, safeguard focal persons of the FCU, MSMEs, and CBOs will immediately inform the Chief of the FCU or to the PMU. The Chief of the FCU will notify the Project Team Leader (PTL) at the PMU. The Environmental and Social Safeguards (ESS) Expert and Monitoring and Evaluation (M&E) Expert will support the PMU in coordinating actions. The PTL of PMU will formally communicate with the DoA other relevant authorities. The PMU will also notify the GCF, including reporting through the APR. All chance finds and subsequent actions will be documented and included in project monitoring records.