



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 10/27/2020 | Report No: ESRSC01588



BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Nepal	SOUTH ASIA	P167531	
Project Name	Unlocking Human Capital for a Prosperous Nepal		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Social Protection & Jobs	Investment Project Financing	1/20/2021	7/8/2021
Borrower(s)	Implementing Agency(ies)		
	Ministry of Health & Population, Ministry of Education, Science and Technology, Ministry of Finance, Ministry of Home Affairs		

Proposed Development Objective

The proposed development objective is to promote greater access and utilization of human capital services particularly for poor and vulnerable households, in selected disadvantaged areas.

Financing (in USD Million)	Amount
Total Project Cost	80.00

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The project is seeking to support the Government of Nepal to promote greater access and utilization of human capital services (basic health and education services, early childhood programs, and social registry registration) particularly for poor and vulnerable households, in selected disadvantaged areas. Improved access and utilisation of human capital services will promote improve human capital outcomes of children, and thus promote inclusion and



future productivity. To achieve these goals, special attention is needed to on the supply and the demand sides of service delivery, by (a) improving the quality and efficiency of local level investments and their impacts on human capital outcomes and (b) promoting access to services and social inclusion (no one left behind), especially for the poor and vulnerable. The project will then help to reduce inequality of opportunities and to boost human capital among the socially vulnerable, while improving households', community and sectors' resilience to shocks. The project will target two Provinces, and all the Palikas within the selected Provinces. Specifically, the project The project activities will be articulated around efforts to improve the delivery of services, including (i) strengthening territorial coordination (clarification of roles/responsibilities of each level), (ii) investing in Local Level capacity to deliver services, (iii) promote the development and adoption of information systems to improve data integration (e.g. with civil registration, national ID and other systems as SSA system) and data quality; (iv) boosting Local Level capacity for planning, management, and monitoring. To promote demand and access, the activities will also be human-centered and rely on disruptive technologies to improve outreach and offer incentives/knowledge for utilization of basic services. The project will have two key components: (a) System development and capacity building at local levels; and (b) Improve future generation productivity and address inequities in access to services.

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

The proposed project will support activities for technology adoption and system development at local levels, and improving the future generations productivity and address inequalities in access to services. The project would target palikas on the basis of their human development index levels (e.g. access to basic education and low health outcomes as child-mortality, stunting and maternal and child indicators) and their prevalence of vulnerable communities and poor people.

Under the component for system development and capacity building at local levels, the project will support Local Levels to better deliver basic health, education and social protection services, through basic improvements and upgrading of infrastructure such as early care and education (ECE) centers, school facilities including classrooms and water supply, sanitation and hygiene (WASH) facilities, small-scale health facilities, and medical stores. The construction of new buildings is not planned under the project and all the above activities will be limited to the improvement and upgradation via civil work on existing infrastructure within its footprint. The sites of civil works activities are not yet known and will be determined during project implementation. The component will also support the purchase, development and installation of software and hardware for a data system for information management and grant eligibility and utilization. Further activities under this component will support capacity building of local levels for strategic and micro-planning to improve access to services by poor and vulnerable populations through evidence based and data-driven information.

For the component on improving future generation productivity and addressing inequalities in access to services, the project will promote access to quality health, education and social protection services among the poor and vulnerable population, while promoting the resilience of service delivery, households and communities to shock. Potential activities will include implementing accompanying measures/case management through home visits and community sessions for poor and vulnerable households, as well as implementing dedicated outreach activities to provide basic services for poor and vulnerable communities, building a social registry to improve identification of poor and



vulnerable households as well as those vulnerable to shocks, and including the connectivity and use of ICT in classrooms to promote blended learning and inclusion of the poor and vulnerable.

The project will coordinate with interventions such as the Provincial and Local Governance Support Programs (PLGSP); with WB-supported projects such as the Nepal Urban Governance and Infrastructure Project (P163418), Health Sector Management Reform (P160207), Nurturing Excellence in Higher Education (P171516), Strengthening Systems for Social Protection and Civil Registration (P154548), and Youth Employment Transformation Initiative (P160696); and with WB Technical Assistance such as the Improve Integration of Social Protection System in Nepal (P168213), Harnessing Social Protection to Promote Resilience of Poor and Vulnerable Households (P173393), and the recently approved Bill and Melinda Gates TF for improving G2P in Nepal.

D. 2. Borrower’s Institutional Capacity

Implementation arrangements are under discussion and evolving at the PCN stage. It is likely that a Project Implementation Unit (PIU) will be established at the Ministry of Federal Affairs and General Administration (MOFAGA) with implementing responsibilities with Local Levels (LL) through direct fund transfers from MOFAGA to LL. The Ministry of Finance (MoF), the Ministry of Health and Population (MoHP), Ministry of Education, Science and Technology (MoEST), and Ministry of Home Affairs (MoHA) would be partners supporting LLs in implementation as the relevant sectoral ministries. Whilst it is not expected that funds will flow to these ministries, actual arrangements will be determined during preparation.

Local level government units including municipalities and provinces have been accorded new functions and responsibilities under the new Constitution of Nepal 2015, however their current capacity to implement these functions is weak. As a result, environmental and social capacities are also weak, as is the environmental and social capacity at the Provincial levels and Federal Level. Furthermore, with the roll-out of the new Environmental and Social Framework (ESF), the project will need close support to implement the new requirements.

Public Disclosure

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC) Substantial

Environmental Risk Rating Moderate

The environmental risk rating for the proposed project is assessed to be Moderate. The proposed project activities will have potential site-specific environmental impacts associated with minor civil works which will involve the improvement and upgrading of existing structures including ECE centers, facilities in schools including classrooms and sanitation facilities, and medical stores. The potential impacts envisioned during the construction phase include moderate level risks associated with the occupational health and safety (OH&S) of workers, the generation of construction waste dust and noise pollution and other nuances during civil works. Workers will need to adhere to COVID-19 OH&S precautions and protocols to minimize the risk of COVID-19 transmission between workers on construction sites and within the community. Operational phase impacts associated with the types of project facilities to be upgraded include generation of waste from WASH facilities, waste water pollution from operations, medical waste from health care facilities and generation of general municipal solid waste. These risks and impacts specified are typical in construction of such small-scale sub-projects and will be temporary and manageable with due diligence and management during implementation. Project activities under this component also include the purchase



of IT equipment to support the improvement of data management, such as computers, servers and data drivers, which may result in the generation of electronic waste at the end of the useful lifecycle of these products. Environmental impacts will evolve during the operational and decommissioning phase where e-waste can be generated and minimal risks of potential fire hazards. As all civil works are expected to take place on existing premises, no environmental risks associated with the use of living natural resources, sites of tangible cultural resources or related risks are expected.

Social Risk Rating

Substantial

The social risk rating for the proposed project is assessed to be Substantial. The risk rating is based mainly on the limited capacity to manage risks in such a dispersed project with activities predominantly located with the new Local Governments. Potential social risks arise from the minor civil works activities, although these impacts are expected to be small-scale, temporary and manageable. As the civil works will be undertaken on existing premises, it is not expected that land will need to be acquired for the project, and therefore no physical or temporary displacement is expected. There may be some temporary displacement during construction works, and risk of damage to infrastructure resulting from construction activities. The greatest social risks are associated with the civil works which include OH&S risks to workers. The limited capacity to manage OH&S risks in Nepal is expected to be significantly exacerbated by the ongoing COVID-19 pandemic. As noted above, workers will need to adhere to COVID-19 OH&S precautions and protocols to minimize the risk of COVID-19 transmission between workers on construction sites and within the community. This will include wearing face masks and related PPE, maintaining social distancing, and following good hygiene practices. Potential risks arising to the community include construction noise, vibrations and other disturbances, which include disturbances to school children in the case of works to upgrade or improve existing ECE centers or facilities in schools such as classrooms, and patients in the case of civil works on health facilities. The project is not expected to have a large labor influx, however the targeting or vulnerable communities does bring additional risks. Laborers coming from outside the region may trigger social risks to the host community related to sexual abuse and exploitation and sexual harassment (SEA/SH). As the project seeks to address inequalities in access to services, such as through outreach activities and community mobilization activities, the project will target vulnerable group-based vulnerability and discrimination through an effective community engagement framework, and group-based discussions will be based around cultural norms. All community and stakeholder engagements will need to follow COVID-19 related precautions including social distancing and safe hygiene practices. As noted above, the current low capacity of Local Levels in carrying out their new functions and mandates under the new Constitution present a risk terms of effectively managing social risks under the project, which will be assessed over the course of the project lifecycle.

Public Disclosure

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

The standard is relevant as the project will support small infrastructure works in addition to capacity building activities. Activities which may cause environmental and social impacts relate to the upgrading and improvement of existing infrastructure under the project’s first component, such as upgrading of classrooms, and upgrading of WASH facilities in schools and medical stores. This component also involves the purchase of IT equipment including computers, data storage devices etc. Potential environmental and social risks associated with small civil works include



labor and OH&S risks and risks associated with labor influx, as well as health and safety risks to the community from nuances such as noise and air pollution, from health care waste. There also may be some risks that rehabilitated structures may contain asbestos, which the borrower will be required to remove prior to commencing construction. Whilst permanent physical or economic displacement is not expected, there may be some temporary displacement in enable upgrading activities to be undertaken, as well as the risk of damage to existing infrastructure during construction. The current low capacity of the Local Level units to implement activities and improve quality and access to services also presents a significant risk. All potential environmental risks and impacts are predictable, site-specific and expected to be temporary and reversible, low in magnitude and can be managed through known and readily available avoidance and mitigation and management measures.

Given that the exact activities and site locations have not yet been determined, the project will prepare an Environmental and Social Management Framework (ESMF) prior to Appraisal. Additional assessments and/or plans as needed under the ESF will be prepared prior to appraisal, including an E&S capacity assessment at the different levels of government in the sector, Labor Management Procedures, a Resettlement Framework, a Stakeholder Engagement Plan, together with an ESMF. The ESMF will provide guidance on addressing and mitigating the potential risks and impacts, including guidance on the procurement of energy efficient ICT equipment and provide guidance on management measures in line with international best practice for the disposal of E-Waste in an environmentally sound manner. In addition, an Environmental and Social Commitment Plan (ESCP) will be prepared prior to appraisal to outline the measures and actions which the borrower will be required to complete in order to ensure compliance over the course of the project. Vulnerability and access to services for marginalized and indigenous communities will be addressed as key components of the overall project, however guidelines for ensuring inclusion will still be including in the ESMF to ensure key principles of the ESF are covered. Other environmental and social instruments and plans may be required based on findings from site-specific assessments. Risks and impacts that may result from Natural Disasters such as landslides, floods, and earthquake is considered low for the type of project activities. However, ESMF will have guidance for screening and assessment of such risks and impacts on case by case basis and incorporate necessary site specific planning, design and mitigation measures where needed.

Areas where “Use of Borrower Framework” is being considered:

The use of the Borrower Framework will not be considered for this project although the project will meet both the requirements of the Government of Nepal and the relevant World Bank ESSs.

ESS10 Stakeholder Engagement and Information Disclosure

This standard is relevant for this project. To achieve project objectives, the project will require an extensive and comprehensive plan for stakeholder engagement, to adequately identify all stakeholders and to develop plans to appropriately engage with these stakeholder groups. A Stakeholder Engagement Plan (SEP) will be developed by the borrower/ implementing agency and disclosed as early as possible, before the appraisal which will be proportional to the nature and scale of the project and associated risks and impacts identified. As the project will target group-based discrimination and vulnerability, the project will develop an effective community engagement framework which will be included in the SEP. The main project stakeholders include: local citizens who comprise users of local education, health, and social protection services; poor, vulnerable and discriminated groups; local level service providers; NGOs supporting the provision of local level services; civil society organizations; media organizations; as well as local level



municipality offices, provincial offices, and federal ministries involved in the provision of basic education, health and social protection services. The SEP will include alternative methods and options for undertaking consultations where social distancing and other social procedures need to be followed, such as in the context of COVID-19. The SEP will include details of the project’s grievance redress mechanism (GRM) to enable stakeholders to raise concerns and grievances in relation to the project. The GRM will seek to draw on existing grievances mechanisms established at the federal, provincial and local levels. As the SEP is a living document, it will be updated as further details about the project is determined.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

This standard is relevant as the proposed project will involve direct workers, contracted workers and potentially primary supply workers. As the civil works are expected to be small in scale, which will include upgrading and improvement of existing infrastructure supporting local services, large labor influx is not expected, and given the nature of work, the majority of workers are likely to be recruited locally. Civil works are expected to be limited to upgrading and improvement of existing infrastructure including ECE centers, facilities in schools such as classrooms and WASH facilities, health facilities, and medical stores. Potential associated labor risks include non-payment of wages and benefits, discriminatory employment practices, OH&S issues including clearing of construction and medical waste, workplace accidents, grievances amongst the workers, and SEA/SH including risks associated works taking place in the vicinity of school students, issues which are all common in Nepal. Contracted workers are more susceptible to these risks. Given that COVID-19 may still be present at the time of construction, there is the risk of COVID-19 spread on work sites and with the community. Labor Management Procedures (LMP) will be prepared as part of the ESMF to cover the project activities, and a standalone GRM for direct and contract workers to raise workplace grievances will be established. The LMP will identify the main labor requirements including how different categories of workers will be managed, in accordance with national laws and ESS2, risks associated with the project, and will determine the necessary resources to address labor issues, including safe disposal of construction and medical waste. The LMP will include guidance to prevent the spread of COVID-19 amongst workers and within the community, as well as COVID-19 OH&S protocols which the project will be required to implement. The project will undertake a SEA/SH risk assessment to determine the level of SEA/SH risk associated with the project activities and will develop and SEA/SH Risk Mitigation Action Plan to manage to the level of risk.

ESS3 Resource Efficiency and Pollution Prevention and Management

This standard is relevant as there will be forms of pollution, whilst minor, associated with project interventions. Due diligence procedures and assessment of how resources will be managed efficiently to minimize waste generation and the potential adverse impacts on human health will be conducted as per the ESMF. IT equipment procured by the project will conform with internationally recognized electronics and electrical standards so as to reduce radiofrequency emissions and energy use. The project will work with the implementing agencies in trying to introduce buy-back arrangements with the suppliers of electrical and internet equipment at the end of its useful life. The ESMF in turn will present risk management procedures to manage these issues using the mitigation hierarchy and to deal with any construction debris, solid and medical waste and hazardous or non-hazardous materials that



may need to be disposed of. The Borrower will be instructed on the inclusion of adequate thermal insulation into the design for upgradation of project financed facilities, as well as heating and illumination systems supportive of efficient use of energy. If any reconstruction works require full or partial demolition of any existing buildings, demolition debris may be generated. While asbestos-containing hazardous waste can not be ruled out especially on old civil structures, the likelihood of asbestos waste generation is low. If presence of asbestos containing waste is confirmed, the Borrower will be required to make appropriate formal arrangements for the disposal of waste prior to commencement of civil works. The ESMF, to be prepared for the Project, will provide guidance on safe handling and disposal asbestos-containing construction waste and, as need may be, specific mitigation measures will be included in the site-specific ESMPs.

ESS4 Community Health and Safety

The standard is relevant as the project will involve civil works in building and locations which are accessed and used by members of the community. As construction activities are expected to take place in existing infrastructure facilities supporting local services such as schools, health facilities, and employment centres, these activities may potentially expose the community to risks such as noise and dust pollution, disturbances from construction vibrations. Community access to these facilities and community movement may also be disrupted temporarily during construction works and cause inconvenience to local communities. The ESMF will provide guidelines to assessing and managing community health and safety risks, including screening procedures to assess these risks as well as design features that provide safety to users and community members. The SEA/SH Risk Assessment will assess the SEA/SH risks to the community arising from the construction activities.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

This standard is relevant for this project, as civil works may require some temporary displacement to establish work areas for carrying out construction activities. As upgrading and improvement works will take place on existing premises, additional acquisition of land, and therefore any permanent physical or economic displacement, is not expected. A Resettlement Framework will be prepared as part of the ESMF to provide guidance for any temporary displacement, as well as guidance on undertaking land acquisition in the case that future upgrading of infrastructure requires some acquisition of land.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This standard will not be relevant. Impacts on biodiversity and living natural resources are not expected, because civil works to be supported by the project will be undertaken in areas that are already disturbed and anthropogenic alterations have been made to the natural environment, within the corridors of the existing developed areas and will be limited to the footprint of existing infrastructure.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

This standard is relevant for this project. As Nepal has 59 indigenous ethnic nationalities across all provinces, it is expected that IP groups will be present in the project areas. Whilst land acquisition is not anticipated under the project, and therefore no adverse impacts to IP groups from the any taking of collectively-owned IP land, the project



will need to ensure the inclusion of IP groups in project planning and implementation. The project will focus on group-based inequality and discriminated groups, including discriminated IP groups, and will develop culturally-appropriately engagement measures including separate consultations with individual IP groups, to ensure the inclusion of IP groups in consultations and in project benefits. Consultations will be necessary to understand how IP groups access and use education, health and social protection systems, to support the project in addressing inequalities in accessing these services, and in improving quality and awareness of these services. Free Prior and Informed Consent (FPIC) will not be required given that civil works will take place on existing premises, however this will be further assessed and confirmed during project preparation. Vulnerability and access to services for marginalized and indigenous communities will be addressed as key components of the overall project, however guidelines for ensuring inclusion will still be included in the ESMF to ensure key principles of the ESF are covered, including the requirement for meaning consultation with IP groups. The methods for consultations with IP groups will also be outlined in the SEP developed under ESS10.

ESS8 Cultural Heritage

As the location of project activities are still to be determined, it is not yet known whether cultural heritage such as temples are located in the project the area. Given the project will support the improvement of existing facilities, it is not expected that existing cultural heritage will require removal or relocation, nor that there will be any other adverse impacts on cultural heritage. Potential adverse impacts to tangible and intangible cultural heritage will be further assessed once project activities and site locations are known, and any negative impacts will be addressed through the ESMF.

ESS9 Financial Intermediaries

The project does not involve Financial Intermediaries. Hence ESS9 is not relevant to this project.

B.3 Other Relevant Project Risks

Nepal has transitioned to a Federal system of government, where various development functions, including provision of local services, have been decentralized to local governments. The levels of government continue to have weak capacity is delivering their mandates, which poses governance and institutional risks, especially as it will continue to take considerable resources and time to build the capacity of sub-national governance structures to manage project-related risks and impacts. COVID-19 continues to have a significant impact in Nepal affecting movement throughout the country, and on the delivery of public services including health and education. The risks and impacts resulting from COVID-19 will continue to be assessed and managed through project preparation and implementation. Risks and impacts that may arise from the Natural Disaster such as from landslides and floods as well as from earthquake is considered low for the type of project activities and will be assessed in site -specific manner each case and will be addressed accordingly.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways

No



OP 7.60 Projects in Disputed Areas

No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered?

No

Financing Partners

None at this time

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

Actions to be completed prior to Bank Board Approval:

Prior to Appraisal, the Borrower will prepare and disclose the following documents:

- Environmental and Social Assessment and Environmental and Social Management Framework (ESMF). The ESMF will include an Institutional Capacity Assessment and Capacity Building Program, Labor Management Plan (LMP), a Resettlement Framework, and will include guidance for ensuring inclusion of marginalized and vulnerable groups.
- Stakeholder Engagement Plan (SEP)
- Environmental and Social Commitment Plan (ESCP)

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

- Recruit and train qualified E&S specialists within the project implementing entities and implement the Institutional Capacity Building Program.
- Implement all due diligence procedures and protocols as per the ESMF, RF, LMP, and SEP
- Prepare and disclose site-specific ESMPs, RAPs and IPPs (if applicable); ensure that contractors prepare and adhere to Contractor's ESMPs and LMPs
- Establish a functional Grievance Redress Mechanism for the Project as per ESS10 and ESS2 specific to workers.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

31-Dec-2020

IV. CONTACT POINTS

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Borrower/Client/Recipient

Implementing Agency(ies)

Implementing Agency: Ministry of Health & Population

Implementing Agency: Ministry of Education, Science and Technology

Implementing Agency: Ministry of Finance

Implementing Agency: Ministry of Home Affairs

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s):	Karthika Radhakrishnan, Phillippe George Pereira Guimaraes Leite, Manav Bhattarai
Practice Manager (ENR/Social)	Robin Mearns Recommended on 08-Sep-2020 at 06:52:27 GMT-04:00
Safeguards Advisor ESSA	Agnes I. Kiss (SAESSA) Cleared on 27-Oct-2020 at 23:30:24 GMT-04:00

Public Disclosure