Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 28-Jun-2023 | Report No: PIDC34976

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Parent Project ID (if any)	Project Name
India	P179935		Enhancing Landscape and Ecosystem Management Project in North Eastern Region (P179935)
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
SOUTH ASIA	Jul 25, 2023	Nov 20, 2023	Environment, Natural Resources & the Blue Economy
Financing Instrument	**Borrower(s)**	**Implementing Agency**	
Investment Project Financing	India	Government of Tripura, Government of Nagaland, Ministry of Development of North Eastern Region	

Proposed Development Objective(s)

Improve landscape management and increase benefits for targeted forest dependent communities in Tripura and Nagaland.

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	278.07
Total Financing	278.07
of which IBRD/IDA	242.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	242.00

Non-World Bank Group Financing

Counterpart Funding	33.67
Borrower/Recipient	33.67
Trust Funds	2.40
Global P'ship for Sust. and Resilient Landscapes - PROGREEN	2.40

Environmental and Social Risk Classification	Concept Review Decision
Substantial	Track II-The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

India's growth is expected to moderate in FY23/24 to 6.3 percent, from an estimated 6.9 percent in FY22/23, due to easing consumption growth and global growth spillovers. Despite the global growth slowdown, real GDP is expected to have expanded by 6.9 percent in FY22/23.[1] This robust growth was underpinned by buoyant private consumption in the first half of FY22/23 and strong expansion in investment activity supported by a sustained increase in public capital spending. In contrast, government consumption growth moderated due to the central government's commitment to reduce current spending. Robust domestic demand and elevated food prices kept headline inflation above the Reserve Bank of India's tolerance range (2 – 6 percent) in FY22/23. The growth momentum eased in the second half of FY22/23 as high inflation, higher borrowing costs and global spillovers weighed on domestic demand and dampened exports growth. Real GDP growth is expected to moderate further to 6.3 percent in FY23/24. Consumption is likely to be constrained by rising borrowing costs, slower growth in incomes and continued fiscal consolidation. The government's sustained investment push, healthy corporate profits, and a reduction in bank NPLs will likely buoy investment despite reduced risk appetite and elevated input costs. Slowing imports growth and ongoing strength in services exports is expected to contribute to a narrowing of the current account deficit to 2.1 percent of GDP in FY23/24. Despite the increased public investment, the government is likely to continue pursuing fiscal consolidation. The general government deficit will decline to 8.7 percent in FY23/24 (9.4 percent: FY22/23), due to lower current spending and modest revenue growth, reflecting the withdrawal of pandemic-related support programs. The current level of the fiscal deficit stabilizes the debt-to-GDP ratio around 83 percent.

India has made remarkable progress in reducing extreme poverty over the past two decades. The share of the population living below US$2.15 per person per day (2017 PPP) is estimated to have halved between 2011 and 2019.[2] However, the pace of poverty reduction has slowed in recent years, with key welfare indicators being slow to improve.[3] These recent estimates suggest that the pandemic induced spike in extreme poverty (US$2.15), of up to 4 percentage points, moderated in 2021-22. Facilitated by widespread access to vaccines, extreme poverty rates are estimated to have declined to 13.8 percent in 2021-22, although not as low as pre-pandemic levels. More than 40 percent of India's population lived below the lower-middle income poverty line (US$3.65 per capita per day, 2017 PPP) even before the

[1] World Bank real GDP forecasts published in India Development Update, April 2023.

[2] Estimates are based on the methodology documented in a World Bank Policy Research Working paper by Roy and van der Weide (2022), which relies on imputed consumption from the Consumer Pyramid Household Surveys (CPHS) implemented by the Centre for Monitoring the Indian Economy, a private data company. The CPHS sample is re-weighted to make it more nationally representative. The series has been revised to incorporate recent survey years (Macro Poverty Outlook, Spring 2023). In 2004, India' s extreme poverty rate was 39.9 percent using the same international poverty line. In 2011, this rate was 22.5 percent.

[3] World Bank Poverty and Inequality Platform. https://pip.worldbank.org/country-profiles/IND.

pandemic.[4] Inequality in consumption has remained stable, with a Gini index of around 35 over the past two decades. Child malnutrition has remained high, with 35.5 percent of children under the age of 5 years being stunted and 67 percent of children aged 6-59 months being anemic during 2019-21.[5] Headline employment indicators have improved since 2020 but concerns about job quality and real wage growth remain.[6]

Sectoral and Institutional Context

Forests in India are a significant rural industry and source of employment. The forests and tree cover in India correspond to 81 million hectares (Mha), or about 25 percent of the total geographical area[7]. As the second most prominent land use after agriculture[8], it is estimated that more than 300 million of rural population, including tribal people depend on forests for their livelihoods and subsistence needs.[9] Forests provide for 40 percent energy need, 30 percent fodder supply, 50 percent grazing along with other Non-timber Forest Produce (NTFPs) for these people. While forest ecosystems contribute only 7 percent to the national GDP, they contribute 57 percent of rural communities' livelihoods.[10] NTFPs alone are valued at about US$2.5 billion/year[1] and contribute significantly to rural economy. In addition, timber and non-timber forest products provide direct employment of 350 million-work days. Some of these NTFPs[2] are part of increasing national/global wellness markets and could be segmented as High Value Forest Products (HVFP). With systematic research and development, value chains and market linkage support these HVFPs could unlock India's forest wealth.

But declining forest quality and degradation have impacted the outflow of ecosystem services and forest productivity. India has 21.71 percent of its land under forest cover[3], making it one of the top ten countries with forests in the world. The carbon stock for the Indian forests was estimated to be 7.204 Gt in 2021, placing India among the top six countries for carbon sequestration potential.[4] Although forest fires, shifting cultivation, and forest degradation have been sources of GHG emissions, the Land Use, Land Use Changes, and Forestry (LULUCF) sector is a net sink in India.[5] In 2016, LULUCF sequestered 330.76 million tons of CO2, which is about 15 percent of India's total CO2 emissions from all sectors.[6] At the same time, land degradation costs 2.5 percent of India's GDP, with more than half of that due to forest degradation. Multiple demands on forests are impacting forest quality, including accelerated loss of biodiversity, water flow, topsoil loss, etc. Over 30 million ha of India's forest has less than 40 percent canopy cover and is considered as "open"[7]. While the overall forest cover has been sustained, share of "open" forests had been increasing, and moderately dense forests, for example, has been decreasing, indicating forest degradation[8]. The average growing stock is 71 m3 per ha for all forests and 67 m3 per ha in naturally regenerated forest, which comprises 82 percent of the forest area. This is significantly less than the world average of 137 m3 per ha.[9]

India set ambitious forest related targets and international commitments. India's Nationally Determined Contributions (NDC) target to create an additional forest carbon sink of 2.5 to 3 GtCO2 by 2030 is a key pathway for both reducing LULUCF linked emissions and for improving adaptation potential. As signatory to Bonn Challenge[10], India has also set a target to achieve land degradation neutrality by 2030, by restoring 26 million ha degraded land, one of the highest national commitments in the world. Implementation though has been lagging on many of these commitments due to several technical, institutional, and financial challenges. The 2019 Forest Survey of India (FSI) report has estimated that under BAU, carbon stock will increase to 31.87 GtCO2 by 2030 as compared to 30.53 GtCO2 in 2020 (an increase of about 1.35 GtCO2 against the target of 2.5 to 3 GtCO2).

India's North Eastern Region (NER) stretches from the foothills of the Himalayas in the eastern range and is surrounded by Bangladesh, Bhutan, China, Nepal and Myanmar. The NER states are classified by the GoI as "special category states"

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[4] World Bank Poverty and Inequality Platform. https://pip.worldbank.org/country-profiles/IND.

[5] Government of India, Ministry of Health and Family Welfare, 2022. National Family Health Survey (NFHS - 5), 2019‑21 report.

[6] World Bank Macro Poverty Outlook. Spring 2023. Estimates from PLFS data.

[7] FSI, 2022; Global Forest Resources Assessment 2020, FAO

[8] Land-use map of India, National Institute of Hydrology

[9] Tribal Co-Operative Marketing Development Federation of India Limited Ministry of Tribal Affairs, Govt. of India https://trifed.tribal.gov.in/non/timber/msp-mfp

[10] World Economic Forum, Nature loss is eating away at our food supply and diversity (2020)

[1] https://www.statista.com/statistics/1083252/india-economic-contribution-of-non-timber-forest-products/

[2] Agar; Gums and resins; Medicinal, Aroma and Colour; Wild Nutri products; Sal butter as cocoa butter substitute

[3] India State of Forest Report, 2021

[4] FSI, 2022; See also https://www.oecd-ilibrary.org/docserver/e4d45973-en.pdf?expires=1658348732&id=id&accname=guest&checksum=E786306AF2522501E7D447A0C7225283 (According to OECD, India's regional potential carbon sequestration from forest management is 34 MtC/year in 2022 and 57 MtC/year in 2052)

[5] LULUCF sector was a net sink of 307, 820 Gg CO2e in 2016

[6] https://oaepublish.com/cf/article/view/4891

[7] Forest survey of India has classified forests into 4 categories: Very dense Forest (>70% forest canopy), Moderately dense forests ($0-70% canopy), Open Forest (10-40% canopy, with shrubs, etc.) and scrubs (with canopy cover < 10%)

[8] FSI 2021, https://fsi.nic.in/isfr-2021/chapter-2.pdf

[9] Global Forest Resources Assessment 2020, FAO

[10] By United Nations Convention to Combat Desertification (UNCCD)

and receive dedicated development support[11]. The region faces development challenges related to its geopolitical isolation, natural resource degradation, and recurring natural disasters due to fragile topography. The NER constitutes 8 percent of India's total geographic area, is home to about 4 percent of the country's total population and contributes to about 3 percent of India's GDP. The region has over 160 scheduled tribes and over 400 other tribal and sub-tribal communities and groups. It is predominantly rural with over 84 percent of the population living in the countryside. The region is geopolitically important for India's strategic shift to Act East Policy in deepening trade relations with Bangladesh and Southeast Asian nations. NER is uniquely placed to reap benefits of the trade corridors (including the BCIM[12] corridor, the BIMSTEC[13], the Asian Trilateral Highway and the BBIN-MVA[14]) and to stimulate economic development and regional growth. The watersheds of the region are critical catchments that regulate hydrological flows to some of the world's most densely populated agricultural land and cities, including nearly 250 million people in Bangladesh and eastern India.

NER is unique and strategically significant to India's carbon sequestration and climate resilience agenda. Total forest cover in NER is 169,521 sq. km, which is 64.66 percent of its geographical area, substantially higher than the national average of 24.5%. The region accounts for about 25 percent of India's forests, 30 percent of the country's carbon stock and holds 66 percent of the country's opportunity for carbon sequestration through avoided deforestation. Richly endowed with natural resources, the region encompasses two global biodiversity hotspots – Indo-Burma and Himalaya, housing 39 percent of India's endemic species and 47 percent of crop diversity. NER has lost 3,200 sq.km. of forests in the last decade, primarily due to the traditional agricultural practice of shifting cultivation and is characterized by the highest rate of deforestation as well as highest incidence of forest fires in the country per sq km[15]. Due to climate change and population pressure, the cycles for shifting cultivation have become shorter, thus limiting the time for the natural regeneration of forests. This has resulted in continuous decline of the quality of forest ecosystem services, perpetuating the vicious cycle of poverty and natural resources degradation. Forests and land in NER are largely community /privately owned[16] and managed by their own laws and regulations, traditional wisdom. Significant portion of the population of the region depends on the forests for their livelihood, and the region is home to some of the unique NTFP and HVFP, providing important livelihood opportunities for forest dependent and indigenous people.

The current fragmented approach to forest management cannot reverse deforestation and degradation trends. This would require landscape approach that takes a holistic view of terrestrial landscapes to maximize forest productivity. Implementing this approach would improve the multifunctionality of forest landscapes by building technical competences and collaborative partnerships among different landscape actors, including customary institutions and private sector. A well-managed forest landscape will deliver ecosystem services vital for resilience such as carbon sequestration, soil amelioration, sediment erosion control, flood regulation, water recharge, holding and purification, pollination, windbreaks, biodiversity and genetic resources, and provide sustainable income-generating opportunities for local communities. In addition, the additional forest carbon sinks will help create carbon-space for development in other sectors and support the other NDC targets of reducing GHG emission intensity of GDP.

Working across sectors to prevent further degradation, restore degraded forest landscapes and improve the management of productive landscapes is critical. But the states face a number of challenges: (a) weak institutional structures for developing integrated landscape management plans; (b) limited technical capacity of state institutions to promote integrated landscape management, adaptation and resilience among communities; (c) lack of information and knowledge for integrated planning; (d) lack of investments to address degradation; (e) limited knowledge among local communities about improved landscape management practices; and lack of incentives to adopt such practices; (f) insufficient incentives for protection of valuable forest resources.

Relationship to CPF

**The proposed project is fully aligned with the World Bank Group's (WBG) Country Partnership Framework (CPF) for India FY18-22[17]. ** It supports all three Focus Areas - Promoting Resource Efficient Growth, Enhancing Competitiveness and Job Creation and Investing in Human Capital. Supporting sustainable forestry and generating ecological services will contribute to efficient use of country's natural resources towards growth (CPF Pillar 1). Increased productivity will lead to

[11] Special category status has been granted to States that are characterized by a number of features necessitating special consideration, including (i) hilly and difficult terrain, (ii) low population density and /or sizeable share of tribal population, (iii) strategic location along borders with neighboring countries, (iv) economic and infrastructural backwardness, and (v) non-viable nature of state finances.
[12] Bangladesh-China-India-Myanmar (BCIM) Corridor links the region with 'Kunming', the capital of China's Yunnan province, passing through Myanmar and Bangladesh, with Mandalay and Dhaka among the focal points
[13] Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) is a regional group of countries in South Asia l
[14] Bangladesh, Bhutan, India and Nepal Motor Vehicle Agreement (BBIN-MVA) signed in 2015, an umbrella agreement prepared along the European Union pattern, focuses on increasing transport options and ultimately boosting the regional economy.
[15] Dogra, Pyush, Andrew Michael Mitchell, Urvashi Narain, Christopher Sall, Ross Smith, and Shraddha Suresh. 2018. "Strengthening Forest Fire Management in India"; World Bank, Washington DC.
[16] With the exception of Assam and Tripura, where forests are predominantly state owned.
[17] Report Number 126667-IN

enhanced carbon sequestration per unit of forest, making it more efficient. The envisaged private sector participation in NTFP value chains and market linkages, will create a range of economic opportunities for forest-dependent communities, especially women and contribute to competitiveness and job creation (CPF Pillar 2). Provisions for investing in skill development and new competencies both in forest frontline staff and community members will result in improved human capital (CPF Pillar 3). The project will also strengthen public agencies, such as Forest Departments and other relevant institutions, to address significant service delivery gap in the sector. The project is also aligned with the WBG Approach Paper: GRID and the COVID-19 Crisis Response - Saving Lives, Scaling Up Impact and Getting Back on Track.

ELEMENT is proposed as a Multiphase Programmatic Approach (MPA) for the NER. MPA is an adaptive approach that allows a long, large or complex engagement as a set of linked operations (or phases) that contribute to an overall Program Development Objective (PrDO). The Program will have one overarching development objective, to increase the resilience of landscapes and forest-dependent communities in the North-Eastern Region of India, and will be used as a platform for projects of a similar nature across NER such that each phase is designed as a "repeater" –similar in design, but with different targets. The components will be defined at the MPA level, allowing for differentiated scope of activities within components and targets. Each state will address landscape restoration using specific entry points valid for them. The phases will be overlapping repeaters (of preceding phases). The MPA will allow to structure relatively longer- term engagement on a complex issue of landscape restoration in NER through a single operation, gradually increasing the area, beneficiaries, and ecosystem services, including carbon sequestration. This would also allow to align with the timing of India's commitment on NDC target for increasing carbon sequestration through forestry (2030). Through the MPA approach NER states can quickly create synergies, integrate and cooperate among themselves. The capacity gains and connections built with in-state implementation structures can be readily called upon to facilitate implementation in other/neighboring states. Currently two states have confirmed their readiness to join the proposed MPA Program: Tripura and Nagaland, which will comprise the first phase of the MPA. Financing for other states will be through subsequent phases, depending on the demand from the states.

C. Proposed Development Objective(s)

Improve landscape management and increase environmental and economic benefits for targeted forest dependent communities in Tripura and Nagaland.

Key Results (From PCN)

The following is the indicative list of indicators to measure the project results/outcomes:

a) Land area under sustainable landscape management practices (ha) (disaggregated by various practices)
b) Land area under restoration (ha)
c) Index of environmental benefits for communities, including water availability, soil conservation (custom)
d) People with increased benefits from landscape-based value chains (number) (disaggregated by sex; age (youth); indigenous; poor)
e) Share of target beneficiaries with rating 'Satisfactory' or above on satisfaction with project intervention (%)

D. Concept Description

Tripura and Nagaland are landlocked, north-eastern hilly/mountainous states with high forest coverage and significant forest-dependent tribal population. Forests in these states range from tropical evergreen, semi-evergreen, and moist deciduous, to sub-tropical pine, temperate, and Alpine Forest with extremely rich biodiversity (combined 7 protected areas; sheltering highly rare, endemic, and endangered species of flora and fauna) and nutrient-rich soils. The tribal populations are inextricably linked to the forest ecosystem for agriculture, housing, and an array of marketable minor forest products, bamboo brakes, medicinal plants, and other herbs and shrubs. The forest sector's contribution to the state domestic product has been in the range of 5-7 percent, without medicinal plants, forest food-vegetables, edible bamboo shoots, and other non-timber forest products[18]. Forest produce, such as Agarwood, wild fruits and Sugandh Mantri, are promising sub-sectors for attracting private sector investments and providing community income. However, lack of organized supply chains, skilled labor, and technology for primary processing, as well as lack of linkages to markets prevents potential of the sub-sector's development.

The changing land use patterns combined with climate change impacts increases vulnerabilities of the rural poor in

[18] Tripura Forest Development and Plantation Corporation LTD https://tfdpc.tripura.gov.in/

Tripura and Nagaland. Tripura lost 17 percent tree cover during the period 2000 – 2021[19] affecting a wide-ranging ecosystem service vital to Tripura's agriculture and allied activities. Similarly, Nagaland has experienced a drastic drop of 23.3 percent in forest cover from 2017 to 2021.[20] With the increasing population pressure, the *Jhum* (slash and burn/ shifting cultivation) cycle in most areas, has come down from 10-15 years to 2-3 years only. Excessive agricultural activity of shifting cultivation with shorter cycles has not only decreased the forest area, but also diverted primary forest into secondary woodland of shrubs. Incidents of forest fires owing to rising temperatures and jhum cultivation practices have also increased. Fires contribute to increased water repellency of forest soils, reduced infiltration and increasing erosion[21]. Such land use change along with extreme weather events have accelerated the soil and gully erosion, leading to depletion of soil moisture and fertility and more incidents of disasters and stress on the productivity of the agriculture sector, disproportionately affecting the forest-dependent and rural communities.

Tripura and Nagaland have a high potential to sequester additional carbon and address local livelihoods opportunities. The Government of Tripura (GoT), for example, aims to increase the average density of forest cover from present 51 to 70 percent which will enhance Tripura's forest carbon stock by additional 8 million tons (MT) from the existing 74.97 MT by 2030. Nagaland has the potential to sequester between 26.53 to 27.25 MT of additional above-ground carbon through the improvement of tree cover.[22] This would require working across the sectors to prevent further degradation, restore degraded forest landscapes and improve the management of productive landscapes.

The proposed project aims to improve landscape management to enhance ecosystem services and economic benefits for the forest-dependent communities in Tripura and Nagaland. More specifically, the project will strengthen the capacities of the state government and local actors to restore forest landscapes by introducing a landscape approach and helping utilize technological solutions. Through the proposed project, the degraded forest landscapes will be restored by implementing community-led integrated forest landscape and natural resource management plans in the selected areas in support of improved ecosystem services, such as water availability, soil conservation, and wildlife habitat protection, among others. The improved forest ecosystem will contribute to increased carbon sequestration and climate resilience and adaptative capacities of the communities.

The project also aims at creating sustainable forest based and NTFP livelihoods by facilitating value chain improvement and market linkages for communities. As a direct contribution to income generating opportunities, the project will forge new employment avenues and, strengthening existing and supporting the establishment of new value chains for NTFPs and HVFPs, and ecotourism/nature-based tourism. Finally, the project will strengthen the functional and technical capacities of state institutions for improved landscape governance and disaster risk prevention by introducing new technology on forest monitoring and value chain management, while facilitating collaborative landscape management with the local actors. Other interventions aimed at the inclusion of tribal population, gender empowerment, and vocational development for women and youth will be prioritized during project preparation and implementation.

The project approach recognizes multiple drivers of degradation, but also acknowledges that given the highly integrated nature of upstream and downstream issues, a landscape approach to addressing these drivers would be particularly suitable. The landscape approach also seeks to blend the provisioning services which are so important to community livelihood with the regulating and supporting services of soil moisture conservation and water provision, erosion control, pollination, biodiversity conservation, climate mitigation and climate adapatation.

A community-driven development will feature strongly in the project enabling village and community-based/resource user groups and organizations to take responsibility for the choice, design and management of smaller-scale landscape and value-chain investments. This feature will be supported by government institutions but will be led by community groups such as Joint Forest Management Committee, Self Help Groups, etc and individual entrepreneurs and will build on the experience of Bank projects as well as past and on-going projects/programs of other donors, e.g., JICA, KfW Development Bank, International Fund for Agricultural Development (IFAD) and others.

The Project will have the following components. The scope of activities under components will differ in each participating state:

[19] equivalent to 58.0Mt of CO_2e emission
[20] As of 2021, 52.04% of the geographical area is covered by forest, compared to 75% in 2017. See https://forest.nagaland.gov.in/status-of-forests/#:~:text=Nagaland%20has%20one%20National%20Park,of%20the%20State's%20geographical%20area
[21] Verma, Satyam and S. Jayakumar, 2012. "Impact of forest fires on Physical, Chemical and Biological Properties of soil.
[22] https://india.restorationatlas.org/stateprofileNL

a) **Strengthening Capacity of Institutions for Integrated Landscape Management:** the objective of this component is to strengthen the capacity of state and local institutions for planning and implementation of integrated landscape management plans, decentralized NRM, improved service delivery and R&D; ELEMENT will enable the establishment of a multi-objective driven decision support system for planning, implementation, and monitoring, including upgrade of ICT equipment where needed. The investments under this component will also include modernizing the existing centers of excellence[23] or establishing new institutions, as appropriate and needed, for undertaking R&D, informed by market requirements and the imperatives of long- term sustainable forest development in the context of climate change. Activities would include the trainings for local communities, JFMCs, SHGs etc in landscape planning and management, landscape restoration techniques, forest management planning, fire protection, value chain development etc. The activities will especially support women and youth in green entrepreneurship and handhold them for business development and marketing on forest-based products, thus creating income and job opportunities, and support their inclusion in the community institutions. The activities will help to produce and share knowledge, information, and innovations on landscape approach through a Lighthouse India approach to other states in NER.

b) **Restoring Landscapes for Improved Ecosystem Services:** the objective of this component is to strengthen restoration of degraded forests and lands. The landscape plans, developed under Component 1 would serve the basis for implementation of the activities under this component. The main investment areas could include: (a) Green and grey solutions for erosion control, forest fire and other disaster risk management, and improved soil moisture and Carbon/Nitrogen balance; (b) Soil and water conservation measures; (c) Afforestation, reforestation and agroforestry; (d) Pasture management (e) Climate-Smart Agricultural (CSA) practices; (f) Geo-referenced seed banks and genealogical zoning, seed source-planting site matching, modernizing state and community forest nurseries; (g) Forest fire prevention and detection system, early warning system and firefighting equipment; (h) Improving management of protected areas and wildlife.

c) **Enhancing Landscape-based Value Chains for Economic Transformation:** the objective of this component is to enhance income and job opportunities in the states through creation of market opportunities for High Value Forest Products, Trees Outside Forests, agroforestry and promoting eco-tourism; To unlock the potential of forest and TOF/agro-forestry and generate income and job opportunities for local communities, the program will adopt a three- pronged strategy consisting of: (a) mobilizing communities[24] to manage forests and undertake agroforestry to produce and commercialize high value produce; (b) incubating green enterprises[25]; and (c) connecting producers to markets and attract investments. Support will also be provided for the development of the state level Eco-Tourism Strategy in Tripura and Nagaland. In Tripura the project will support the Tripura Nature Trails and Resorts Limited (TNTRL) and strengthen its capacity for optimally utilizing its existing infrastructure for 'high value eco/nature-based tourism', 'theme- based nature-trails', traditional village hamlet walks, and bio-parks in select landscapes. In Nagaland ELEMENT would, *inter alia*, support an inventory and mapping of biodiversity and cultural heritage diversity to develop specific nature-based tourism packages, particularly linked to Community Conservation Areas (CCAs).

d) **Project Management:** this component will support project management, including key staff and project operational costs. This component will support project management, including key staff and project operational costs. The State Forest Development Agency (SFDA) will host a Project Management Units (PMU) in Tripura, and Agricultural Commissioner's Cell in Nagaland, supported by internal and externally hired staffs and be responsible for all matters related to safeguards (ESF compliance monitoring), M&E functions, fiduciary aspects, grievance redress, and the implementation of strategies for communication and stakeholder engagement.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	TBD
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

[23] Centre of Excellence in NTFP, Tripura
[24] In Tripura Joint Forest Management Committee; Village Development Boards (VDB) and producer groups/companies in Nagaland
[25] https://www.fao.org/3/i3882e/i3882e.pdf

While the project activities are environmentally positive in nature and are expected to bring long term benefits to the environment and forest, the overall Environmental Risk Rating is assessed to be Substantial primarily due to the sensitive geograpical setting of the project and the weak capacity of Implementing Agencies (IAs) to assess and manage risks. The project adopts an integrated landscape approach and is likely to cover various land parcels, including in environmentally sensitive areas. As such, there could be some risks and impacts associated with promoting a particular plant species that is in high demand in the value chains, sourcing of materials for plantation and implementing soil and water conservation and erosion control measures in environmentally-sensitive areas. There may be impacts related to contamination of soil and water due to use of fertilizers and pesticides. However, given the small to medium scale and community-based nature of project activities, the potential risks and impacts are envisaged to be localized, reversible and can be readily mitigated through proper planning, coordination and known measures. The project will also exclude any high risk activity which may result in significant risks and impacts on natural and critical habitats.

The overall Social Risk Rating is assessed Substantial. Specific potential social risks include poor institutional capacities for managing participatory processes, inadvertant exclusion of vulnerable groups in decision making, temporary restriction or limitations in accessing forest resources, and impacts on customary traditional practices as well as risks related to management of community workers. Further, the project is located near international borders and includes scheduled as well as forested areas, with inherent complexities within forest governance and rights over forest produce.

A framework approach will be adopted, including preparation of Environmental and Social Management Framework (ESMF) with integrated RPF, IPPF and IPM. The ESMF will include procedures for undertaking E&S screening of sub-projects and preparing site specific Environmental and Social Management Plans (ESMPs). The ESMF will also identify institutional capacity needs/gaps (including on staffing and skills) required to implement environmental and social standards (ESSs); and inform the Environment and Social Commitment Plan (ESCP). Labour Management Procedure (LMP) will be prepared. The project preparation will include developing a Stakeholder Engagement Plan (SEP) with (i) detailed mapping of stakeholders (communities and institutions); (ii) communication strategy, including culturally appropriate content, language, and mediums; (iii) tools of engagement to ensure information dissemination, participation, transparency, and accountability, (iv) capacity development for participatory planning, implementation and monitoring; (v) effectiveness of available citizen feedback and grievance redressal mechanisms and recommendations for improvement, (vi) citizen engagement indicators for reporting.

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