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# Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 10-Oct-2017 | Report No: PIDISDSC21563



**BASIC INFORMATION**

**A. Basic Project Data**

Country India	Project ID P163271	Parent Project ID (if any)	Project Name Himachal Pradesh: Forests for Prosperity Project (P163271)
Region SOUTH ASIA	Estimated Appraisal Date Mar 28, 2018	Estimated Board Date Jul 05, 2018	Practice Area (Lead) Environment & Natural Resources
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency State of Himachal Pradesh, Himachal Pradesh Forest Department	

**Proposed Development Objective(s)**

Improved management and community use of forests and alpine pasture at selected sites in Himachal Pradesh.

**Financing (in USD Million)**

Financing Source	Amount
International Bank for Reconstruction and Development	50.00
<b>Total Project Cost</b>	<b>50.00</b>

Environmental Assessment Category B-Partial Assessment	Concept Review Decision Track II-The review did authorize the preparation to continue
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Other Decision (as needed)



## **B. Introduction and Context**

### Country Context

1. India has become the world's fastest growing large economy. This growth needs to continue to improve the lives of the millions of people that still live in poverty and to provide productive jobs for India's fast growing labor force. Given the scale of the challenge, every sector must contribute; forests are no exception. Forests cover about 21% of India's landmass and have the potential to contribute to growth that is resource-efficient, and low-carbon and to help create jobs in the poorest regions of the country. In the state of Himachal Pradesh (HP), forests are particularly closely linked to the state's economy. Two-thirds of the state's area is classified as forest land, and more than one-fourth is under forest cover.

2. The state wants to take full advantage of its forest resources to support economic development and rural livelihoods. The quality of forests in HP is relatively low, and as a result, HP was allocated only 2.43% of the allocation made on the basis of forest quality under the 14th Finance Commission. The neighboring state of Uttarakhand, with a similar endowment of forest land, received 4.77% of the share instead. These lower fiscal transfers from the Central government have, in turn, reduced the overall state budget for development programs. Communities and economic sectors that are dependent on forest goods and services – communities for timber, firewood, and fodder, hydropower for sediment retention services, and tourism for scenic beauty – are also not benefiting significantly from forests, in part because of low quality but also due to other sectoral challenges. Finally, poor forest quality is limiting carbon sequestration by forests, a critical element of HP's State Strategy and Action Plan on Climate Change.

### Sectoral and Institutional Context

3. Forests are an important natural asset for HP. As noted, of HP's total geographical area, 67 percent is classified as forest land. Of this, 46 percent of lands can support coniferous and broadleaved forests while the remaining 54 percent include high altitude areas above the tree line, snow peaks, alpine pastures, and river beds. As in many parts of India, forests are owned by the state and managed by state forest departments, in HP by the Himachal Pradesh Forest Department (HPFD). The HPFD is a unitary body and undertakes all functions of forest management, spanning from policy formulation and planning, to provision of forest goods and services, to monitoring and evaluation, to enforcement of rules and regulations. As noted in the HP Forest Sector Policy and Strategy of 2005, the goal of the HPFD is to promote sustainable forest management in the state to maintain and rehabilitate forests and enhance rural livelihoods. By maintaining the state's forest cover, and as noted above, the HPFD helps secure financial resources for state development programs, as per the provisions of the 14th Finance Commission. Timber, firewood, fodder, and other non-timber forest products (NTFP) produced by HPFD on public forests enhance local livelihoods. Catchment area management functions of the HPFD similarly ensure sediment retention and water regulation services to the benefit of the hydropower sector. The state has zoned 22.65% of the legally classified forest area as protected areas (5 national parks, 26 wildlife sanctuaries and 3 conservation reserves) and HPFD manages these to protect biodiversity and promote ecotourism.

4. Forest quality is however low, and provision of forest goods and services by the HPFD is ineffective. As per the 2015 India State of Forest Report, only 9 percent of the forest land was classified as very dense forests with tree canopy density over seventy percent. The state has been successful in preventing forest degradation and now will focus on improving the quality of forests, which was deteriorated over the past two decades despite significant investments in afforestation programs. Between 1950 and 2011, the state implemented forest regeneration activities or plantations on a total of over one million hectares (or 10,000 km<sup>2</sup>), with limited impact on overall forest cover or forest quality. HPFD seeks to improve the delivery related to one of its main mandates – that of improving and maintaining forest quality –



for number of reasons including technical capacity for adaptive silviculture and to effectively implement plantation models. HPFD wants to improve the accountability in the plantation management model to ensure high plantation survival rates.

6. As per settlements in the late 19th and early 20th century, which largely recognized and formalized the customary rights of local communities, communities have been granted rights and concessions over forest goods. Households are allocated timber at concessional rates for home construction under the state's Timber Distribution System (TDS) and have the right to collect dry and fallen branches as firewood. The HPFD also issues households permits, at nominal rates, for the collection of a specified list of non-timber forest products (NTFPs), including grazing permits for HP's "Gaddi" tribal community of nomadic shepherds, one of the poorest and most vulnerable communities in the state. In 1993, the state government issued a regulation on participatory forest management (PFM) to involve communities in the management of forest lands, which was followed by the PFM Rules in 2001. Under the PFM regulations, communities and the HPFD agree to jointly manage designated forest lands. In return for their labor and other efforts, particularly to protect young plantations, communities are granted rights to NTFPs (free of cost), the proceeds from interim forest thinning operations, and the promise of 100 percent of the net sale value from timber harvests once the trees reach maturity after 20 years (40% of which is to be reinvested in forest regeneration activities). Finally, the Forest Rights Act of 2006 grants tribal communities the right of ownership and use of the forest lands they have inhabited and used for generations.

7. Despite their legally recognized use rights, forest communities have not been able to benefit significantly from forest resources. The HP High Court ban on green timber felling above 1000 meters has prevented the HPFD from honoring the benefit sharing contracts established under its PFM program, causing villages to lose their stake in this program. Communities, in turn, have little incentive to keep their cattle out of forest areas with young plantations and assist with forest fire management, two leading causes of the failure of past afforestation programs. The TDS has made timber available to rural households at nominal prices have also posed challenges in its implementation.. At the same time, and as noted above, forestry interventions have largely managed forests for tree production, with few interventions to augment the supply of firewood, fodder and grasses to meet the needs of local populations. The gap between demand and supply for these resources has subsequently been widening. To add to the problem, many forest areas that in the past served as grazing lands, including alpine pastures, have been negatively affected by invasive species. Similarly, while the state's NTFP resources carry the potential to supplement the incomes of rural households, communities typically collect and sell these products with minimal value addition, and the economic contribution wants to be better exploited by GoHP.

8. Hydropower is one of the drivers of growth for HP and policies aimed at ensuing hydropower development is conducted in a socially responsible and environmentally sustainable manner. At the same time, the provision of forest ecosystem services to the hydropower sector is key. In recognition of the important role that dense forests play in reducing sediment run-off downstream, the state government has mandated that hydropower projects include investment in Catchment Area Treatment (CAT) plans. Projects above 10 MW capacity are required to contribute at least 2.5% of total project investment costs to be invested by the HPFD to reduce the flow of sediment and regulate the flow of water to hydropower facilities. Despite investments in developing and implementing CAT plans, sediment continues to reduce the efficiency of hydropower facilities in the state. In 2012, the Nathpa Jhakri project alone was said to have lost USD 1.3M as a result of high levels of silt in the river, which halted power generation. HPFD wants to improve the technical capacity required to design effective CAT plans, and the resources invested to date to implement CAT plan activities at a large enough scale for the interventions to have an impact on sediment retention. At the same time, HPFD seeks to strengthen the monitoring of CAT plan implementation and impacts has resulted to ensure accountability. The state is aiming to realize the economic potential of forest ecotourism and one of the options the GoHP would explore is



the revision of the concession policy to promote private sector participation with the necessary checks and balances to prevent forest degradation.

9. Recognizing the challenges facing the forest sector, many of which are institutional and systemic, the Government of Himachal Pradesh (GoHP) has articulated a clear vision and commitment to reform the sector. Improving the effectiveness of forest-services provision by the HPFD – be it maintenance and improvement of forest cover, provision of timber, firewood, and fodder to local communities, catchment area management for sustainable hydropower – and revising the role of the HPFD in areas such as NTFP value chains and ecotourism, are the two main prongs of the reform strategy. These priorities underpin the scope of the proposed Project. The GoHP has requested this Project as a follow on to the successful DPOs financed by the World Bank to realize the vision of a forest sector as an additional engine of green growth.

10. Furthermore, the HPFD will soon receive substantial new funds from the Compensatory Afforestation Management and Planning Authority (CAMPA) program to spend on various afforestation activities. Enhancing the effectiveness of afforestation programs will help ensure that these funds are used effectively. The HPFD has identified several priorities for the forest sector, including improving community engagement and program accountability, as well as plantation and pasture management, to enhance forest quality and the economic contribution of these natural assets to the state economy.

#### Relationship to CPF

11. This Project is consistent with the FY2013-FY2017 Country Partnership Framework, particularly Outcome 2.5 – Improved environment protection and biodiversity conservation and Outcome 3.6 – Enhanced rural livelihood opportunities in targeted States. In addition, the Project will support the Government of India's NDC, in particular its ambition to create an additional carbon sink of 2.5 to 3 billion tonnes of CO<sub>2</sub> equivalent through additional forest and tree cover by 2030. It is also in line with the National Institution for Transforming India's (Niti Ayog) Three Year Action Plan (2017-18 to 2019-20) goals on Sustainability, which call for improving the effectiveness of afforestation programs by increasing accountability through GIS-based tracking tools, removing restrictions on forest product markets, and controlling invasive species to improve forest quality.

12. The Project builds on the World Bank Group's (WBG) commitments to Eliminating Poverty and Boosting Shared Prosperity. In the medium to long-term, the activities supported by the Project will help increase household incomes in poor, forest-dependent communities and will thus contribute to both poverty elimination and to boosting consumption growth of the bottom 40 percent in one of India's Special Category States. The Project will also contribute to the WBG Climate Change Action Plan and to the WBG Forest Action Plan (FAP). The Project will support both sustainable forestry, including through participatory forest management, sustainable management of production forests, sustainable production of non-wood forest products, payments for ecosystem services, and nature-based tourism; and forest-smart hydropower interventions, which is recognized by the WBG FAP as a critical sector.

#### C. Proposed Development Objective(s)

**Note to Task Teams:** The PDO has been pre-populated from the datasheet for the first time for your convenience. Please keep it up to date whenever it is changed in the datasheet.

Improved management and enhanced multiple use of forests and pasture resources at selected sites in Himachal Pradesh.



#### Key Results (From PCN)

PDO indicator #1: Area of forest managed in accordance with site-specific management plans (ha).

PDO indicator #2: Value-addition of selected commercial NTFPs (USD).

PDO indicator #3: Alpine pasture area with signs of degradation (ha).

PDO indicator #4: Public Performance Review of Forest and Alpine Pasture Sectors (number).

PDO indicator #5: Share of rural population in selected areas with rating 'Satisfied' or above on Project interventions (%).

PDO indicator #6: Public funds leveraged for improved management of forests and alpine (value expressed in USD or Indian Rupees).

### **D. Concept Description**

#### 1. Description

14. By making forest service provision programs more effective, and strengthening the roles of communities and the private sector in forest-related activities, the Project will contribute to the states' economic development goals, and also lay the foundation for broader benefits. Improving the effectiveness of afforestation programs will, for example, improve the effectiveness of Central government allocations to the state for afforestation such as those made under the Compensatory Afforestation Management and Planning Authority (CAMPA) fund. Given that, as per the 14th Finance Commission, 7.5 percent of the allocations to states are based on the state's forest quality, by helping HP improve its forest quality, the Project will help increase the fiscal allocations to the state and thereby the overall state budget for development programs. Improved forest quality will also lead to increased carbon sequestration, helping HP meet its state climate policy goals, and contribute to the achievement of India's NDC targets.

Component 1. Improving forest sector service provision by HPFD (30 M)

Sub-Component 1.1: Improve forest and pasture management

21. This sub-component will finance a subset of key investments, including the procurement of goods, to improve forest and pasture management, forest quality, and community involvement, such as:

(i) Development of nurseries and improvement of seed orchards using state-of-the art technologies. This will include investments in: (a) the development of nurseries across the state (the potential of private sector participation will be explored during preparation); (b) the improvement of seedling techniques used in nursery enhancement; and (c) the development of seed collection, grading, and certification facilities to improve the genetic quality and ecological suitability of seeds.

(ii) Establishment of new plantations and enrichment planting. This activity links closely with the activity described above by helping to improve forest quality and density through adaptive planning and management, targeted investments at selected sites, and the use of improved techniques and models. International experience indicates that much better survival rates can be achieved if this is done through partnerships with local communities that go beyond labor contracts for planting. Benefit sharing arrangements that allow communities to harvest the productive assets in years to come are needed. The Project will analyze different schemes to promote communities' participation during preparation.

(iii) Infrastructure for forest fire detection and equipment for forest fire suppression. This activity will lead to a



comprehensive forest fire detection, response and management action plan. The detection of forest fire will be linked to the state's Forest Management Information System (FMIS) for detection and response in real time, and to ensure a better alignment with the existing systems at the national level. Infrastructure for forest fire detection and equipment for forest fire suppression would include clothing, tools and vehicles.

(iv) Improvement of pastures management. These activities seek to augment the management of and community benefits derived from pastures, particularly alpine pastures above tree line that are managed by the HPFD and are often degraded through a set of actions that will address planning and other institutional constraints and finance key investments in the field. These activities will involve the development of new and upgrading of existing pasture management models for high altitude pastures, low lying pastures, and forest lands. They will be jointly implemented by the HPFD and the PFM committees. Specific mechanisms to pilot the proposed models through specific investments will be identified during Project preparation, including the potential flow of funds to communities to support the implementation of the pilots.

#### Sub-Component 2.2 – Strengthen technical capacity

22. This sub-component seeks to improve the technical capacity at the HPFD, the availability of data/information, and planning and monitoring to help both generate increased revenues for the state and ultimately improve the quality of forest cover. This sub-component will also help strengthen technical capacity to improve the effectiveness of on-going and future investments in plantation and pasture management. The sub-component will finance technical assistance activities, procurement of goods (equipment), and some key investments, such as:

a. Strengthen forest management information systems (FMIS): The FMIS will be improved so that the strategic development/planning/decision making can: i) be linked to other sectors and institutions (e.g. land registry, agriculture, tourism, etc.); ii) be based on accurate and agreed data; iii) provide the means for monitoring and verification; and, iv) increase transparency and allow for independent supervision. This will be achieved by establishing systems that will share key common and most importantly unique datasets through accessing common servers (e.g. cadastral, boundary and ownership layers), with other institutions (e.g. with Department of Statistics and Planning for compiling forest accounts[1]), as well as at the national level with, for example the Forest Survey of India in key areas such as the National Forest Inventory, forest fire detection and reporting, permanent sample plot data to monitor growth dynamics, carbon stocks and forest health. Building on these layers the HPFD would be able to prepare and systematize forest and pasture management planning processes, which would include ensuring proper community participation and consultation. Once the forest and pasture management plans have been approved and established in the FMIS, systems will be established to ensure that plan implementation is both monitored and reported on and shared through web based portals. This will include methods for monitoring removals and transport of forest produce. Standard reporting will be made publicly available through web portals. This activity will also contribute to build a joint platform with various state departments related to the forest sector like environment, energy and statistics and planning. This will facilitate effective planning, implementation and monitoring of CAT Plans, forest accounts, benefit sharing in the catchments etc.

b. Improve planning and training: This activity will support the development of guidelines for multi-tier and multi-purpose forestry plantations, management and utilization of NTFPs, and improving the quality of pastures, as well as the implementation of these guidelines in model plantation and pasture schemes. The activity will also support the improved implementation of monitoring plans, e.g. by updating plans with areas afforested, permits issued, NTFP removals, timber removals, incidence of pests and fire, etc. and by producing reports consolidated at the local and state levels. Planning activities supported under the CAMPA program will be aligned with this activity .

#### Sub-component 1.3. Manage catchment areas to maximize forest ecosystem services for hydropower





23. CAT plans effectiveness. To improve the effectiveness of comprehensive CAT plans, this sub-component will also support the development and implementation of a model CAT plan, the development of CAT planning approaches, targeted training of officers, investments in monitoring stations and silt laboratories, and investments to implement CAT plan activities. This activity has the potential to be replicated in Nepal and Bhutan and in other hilly terrains.

24. Specifically, under this sub-component, the Project will finance technical assistance and investments focused on the Sutlej basin (one of the five river basins in the state) to strengthen the flow of forest ecosystem services to forest-dependent sectors, such as hydropower. This basin has a length of over 200 km and an area of more than 50,000 hectares. The catchments within the basin are showing symptoms of degradation, such as landslides and uncontrolled erosion. In this context, the project will finance the application of hydrological and investment prioritization models to better understand sediment flows and to suggest appropriate treatment for optimal catchment area management. The development of the Sutlej CAT plan – a model CAT plan – will include activities designed to maximize the production of ecosystem services, such as improved forest and pasture management, landslide management, erosion control, check dams, brush wood dams, and bio-engineering works. The Project will support the HPFD to develop and implement this plan through coordination with the rural development, roads, tourism and other stakeholder departments and to demonstrate the advantages of model catchment management.

25. Both multi-layered plantations (grass, herbs, shrubs, and trees) and existing forests in the catchment will be managed to maximize ecosystem service flows. This sub-component will support water recharge to improve the hydrology of the catchment, such as: (i) forest spring rehabilitation, including spring monitoring, (ii) spring catchment protection and management program, and (iii) water harvesting based on investments in afforestation to improve percolation, infiltration, and year-round ground water availability.. PES schemes that include benefit sharing arrangements with local communities will also be piloted in these communities to encourage their participation and identify successful models.

26. Operationalization of PES policy. Payments for Ecosystem Services appears as one of the incentives for stakeholders to contribute to forest management. This sub-component will support (i) the development of rules and regulations for the Payment for Ecosystem Services Policy, (ii) the design of the system to incentivize communities to participate in forest protection and plantation management, and (iii) the HPFD has developed some studies to pilot PES in the watersheds of Kangra district and in the Renuka dam hydro catchment in Sirmour district. Exploring gaps of these pilots and bringing in effective model of PES in major hydro catchments will be worked out within the Project. These activities will involve technical assistance to be implemented by the HPFD.

#### Component 2. Incentivizing communities to better manage forests (USD 15M)

27. This component aims to remove barriers to and create incentives for improved forest management at the level of communities and private sector through a set of activities addressing institutional, governance, and technical constraints. Enhanced livelihoods benefits are expected to incentivize communities to contribute to improved forest quality. A clear policy environment will unlock private sector participation. These activities will also signal an institutional change at the level of the HPFD, getting it out of revenue generation where private sector and communities can play a role.

28. An NTFP sector strategy will underpin this component to catalyze the potential of NTFPs and support local livelihoods by securing communities' access rights and increasing value-addition through improved harvesting, processing, storage, and marketing of selected NTFPs. During preparation, the HPFD will explore the possibility of using





project preparation funds to support the development of this strategy to help identify one or two NTFPs with market potential and secure communities' access to and use of the forest resource through a participatory process. Increased value-addition supported initially by public financing would create a favorable investment climate to crowd-in private sector investments in NTFP enterprises.. The sub-component will support the following activities:

- (i) Provide technical and financial support to communities and individuals to initiate and manage NTFP-based enterprises. This could include startup capital through microfinance schemes, training, and other business development support. The specific financial mechanisms and their implementation will be analyzed during Project preparation.
- (ii) Support the development and piloting of value chains and markets for specific NTFPs, such as medicinal and aromatic plants (e.g., karoo, patish, dioscoria, ban kakri, mushakbala, chirata, chaura, chukhri, salam panja, satabar, banhaldi, kalmegh, gelaoi, nag chattri, etc.), including via certification, standards, targeted investments, etc.

29. As mentioned before, a component on eco-tourism destination development would add to the complexity of implementation arrangements. For these reasons this option was dropped with the caveat that it could be picked up during a future engagement. However, and as a first step, the potential of ecotourism will be also explored and discussed with the HPFD during preparation. The following activities are likely to be supported to help create an enabling environment for private sector investments: (i) update the state's ecotourism policy to facilitate high value ecotourism development; (ii) develop ecotourism guidelines that balance the need for community, forest, and private sector benefits; and (iii) develop specific infrastructure to facilitate ecotourism in forest areas. These activities will be jointly analyzed with the T&C GP.

### Component 3. Project management and institutional coordination (USD 5M)

#### Subcomponent 3.1. Project management

30. This subcomponent will finance Project management activities (mainly through consultant services), which will be undertaken by a Project Implementation Unit (PIU) established in the HPFD. The PIU activities will include budgeting, preparing annual work plans, contract management, financial management, procurement, environmental and social risk management, and monitoring and evaluation. Under this component, all reporting on implementation progress will be prepared, including monitoring of the PDO and the Results Framework indicators.

#### Subcomponent 3.2. Institutional coordination

31. This subcomponent will support, though the financing of recurrent expenditures, the creation and maintenance of the Project's Steering Committee (SC) as a key vehicle to ensure multi-sectoral coordination and participation among the HPFD and other relevant sectors that are involved with the project and have the institutional mandate to advise or implement activities related to watershed treatment, NTFPs, or ecotourism..

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## SAFEGUARDS

### A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project is located in the Indian state of Himachal Pradesh, which shares an international border with China on the



eastern side, and with the Indian states of Uttarakhand in the south, Jammu and Kashmir in the north, Haryana on the south-west, and Punjab in the west as is noted in the figure below. The total area of Himachal Pradesh is 55,673 sq.km. The state divided into 12 districts which are grouped into three divisions, Shimla, Kangra and Mandi. Being a hill state, it has wide variations in altitude ranging from 300 m in plains to nearly 7,000 m in Central Himalayan range of Lahaul. This variation provides for considerable variation in temperature, rainfall, soil, and vegetation, due to altitude, slope and micro-climatic conditions. Most of the area of the state is drained by five major river basins; the Satluj, Beas, Chenab, Yamuna and Ravi. Hydroelectric power projects, tourism, horticulture form important parts of the state's economy.

Two-thirds of HP's geographical area is under forests, with more than 90% of the population residing in rural areas, most of which is dependent on forests for at least part of their livelihoods. Besides supporting the livelihoods of people in the State, forests also protect the catchments of important river systems. The forest area constitutes 66.52% of the area of Himachal Pradesh, but tree cover constitutes only 27.63% of the total geographical area (a substantial part of the state is also under permanent snow cover and cold deserts). There is also a high diversity of vegetation comprising of conifers, broad leaf species, pastures, medicinal and aromatic plants. The Great Himalayan National Park, a UNESCO World Heritage Site and Pin Valley National Park are the national Parks located in the state along with 30 wildlife sanctuaries and 3 conservation reserves.

Exact project locations are not yet known and will be selected based on the outcome of the preparatory studies and assessments and extensive stakeholder consultations. The selected project sites will comprise forest areas.

The state is home to nearly 1.7 million people belonging to vulnerable communities that constitute nearly 28 percent of its total population (24.7 percent SC and 5 percent ST). A significant proportion of the tribal population are dependent on forest resources for their livelihoods. The Trans-human population are highly dependent on the pasture land.

**B. Borrower's Institutional Capacity for Safeguard Policies**

The Forest Department, GoHP has prior experience and expertise to implement World Bank funded operations. Experience gained under the HP Mid Himalayan Watershed Development Project and the Bio carbon CDM sub-project has given the department a good command in the management of safeguards issues. The proposed project will build upon this experience, as well as support the capacity building efforts of the PMU and relevant stakeholders that would be involved, to ensure successful implementation of the project and compliance with the Bank's safeguards policies, including the contracting of specialized social and environmental staff where appropriate. With high turnover of staff, there has been limited transfer of knowledge across the departmental staff.

Given the political economy of the sector, the challenge of the department lies in adapting to rules of engagement to enhance accountability and transparency in its' functionality such as promoting benefit sharing of revenue with community.

Based on the risks identified in the safeguards policies triggered, Environmental and Social risk is rated Substantial.

**C. Environmental and Social Safeguards Specialists on the Team**

Mridula Singh, Social Safeguards Specialist  
Sharlene Jehanbux Chichgar, Environmental Safeguards Specialist

**D. Policies that might apply**

Safeguard Policies	Triggered?	Explanation (Optional)
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Although the project would be implemented within environmentally sensitive areas, project interventions are designed to be environmentally positive overall and no activities are expected to generate significant adverse environmental impacts. The positive impacts of the project will be a reduction in greenhouse gas emissions, rejuvenation of underutilized and degraded forest lands, improved quality of forest cover, reduction in sediment load in the catchments, enhanced soil retention, with the added enhancement of increased value of selected NTFPs. The potential negative environmental impacts will be known with more specificity as project activities are identified during project preparation but are expected to be limited, localized, and none of the planned project investments or activities are expected to generate significant adverse environmental impacts.

Environmental Assessment OP/BP 4.01

Yes

Overall, the impacts are mostly positive, the potential impacts/risks of implementing project financed activities are small-scale and localized manageable, with applicable mitigation measures hence the project's categorization is B. Nevertheless, all interventions need to be carefully designed in order to enhance the positive impacts, and avoid any small site specific adverse impacts. At this very juncture, the scope and scale of the interventions are not known, initial environmental screening identified risks ranging from catchment/watershed degradation due to road construction projects, incidences of forest fires, lack of good survival rates in plantations, management of invasive species, intensive grazing due to high biotic pressure, and, low capacity to adequately manage ecotourism activities within protected areas were identified. These risks, along with impacts arising from project financed activities will be examined in the safeguard assessment.

Hence, an Environmental Management Framework (EMF) will be prepared to provide the basic criteria and procedures for screening all interventions, and guide the preparation of environmental assessments and management plans (EMP) for all known, specific investments at appraisal stage.



The EMF will provide a review of all existing regulations, laws related to the management of forests in HP, conduct stakeholder consultations to inform the drafting of the EMF, provide essential baseline data, assess likely impacts, propose measures for the strengthening of institutional capacity, and estimate the budget required for the implementation of the EMF. This EMF will be made available for consultation, reviewed and cleared by the Bank before disclosure both in-country and through the Bank.

The social impacts of the project are expected to be positive. Communities are likely to have increased access to productive forest, NTFP, and pasture resources and to new economic opportunities through the promotion of eco-tourism. The project is likely to generate improved livelihood opportunities for the communities through NTFPs and eco-tourism, and pastoralists will specifically benefit from pasture development. However, investments in these sub-sectors may have unintended negative consequences that arise from the lack of a clear policy environment to enable the effective participation of communities and ensure they benefit from the sub-projects. Limiting access to forest and pasture resources for conservation purposes may adversely impact those people dependent on such resources, including pastoralists and other vulnerable groups. The Project will carry out a detailed social assessment to prepare the Social Management Framework and Indigenous Development Plan to ensure that the benefits to local community members outweigh the costs, facilitate equitable access to benefits, and identify measures needed to address negative impacts, if any. The project will also have a grievance redress mechanism to address complaints directly related to the operation of project activities. The implementation of an outreach program to institutionalize two-way communication for Citizen Engagement will create the enabling environment for partnership development with stakeholders. Project investments are expected to improve the quality and management of forests, and thereby, have an overall positive environmental impact in the State.



Natural Habitats OP/BP 4.04	Yes	The policy is triggered as the State has a number of legally protected critical natural habitats comprising of 2 national parks and 33 Wildlife Sanctuaries which contain essential ecosystems with rich biodiversity such as the Snow Leopard. The state also contains sacred groves where wild species are protected and conserved. Given the fact that these unique and rich ecosystems have to be protected, it should be ensured that they don't come under increased threat from ecotourism development and changes in forest cover/density. A planning and management system would be designed as part of the EMF to ensure that no proposed activities under the project would have any impact or result in any significant conversion of critical natural habitats.
Forests OP/BP 4.36	Yes	The project is intended to bring about positive changes in the quality and management of forests, improved capacity and systems within the forest department and increased value of NTFPs. The positive impacts associated with the projects interventions on afforestation reforestation and enrichment plantings will bring an overall improvement in quality and productivity of forests, including their management. Proposed mitigation measures for any impacts arising from plantations, ecotourism or harvesting of NTFP will be included in the EMF
Pest Management OP 4.09	No	There is no pest management needed to protect forest tree nurseries.
Physical Cultural Resources OP/BP 4.11	TBD	The policy may be triggered as a preventative measure in the event of potential impacts on the known and currently unknown physical cultural resources (PCR) of the area. The state has many important pilgrimage centers with prominent temples and sites protected by the Archeological Survey of India. The state also contains a number of unprotected sites, which have cultural and religious significance. The EMF would inventories all significant PCRs within the project area, and if applicable, specify the measures for screening, avoiding and managing impacts on known PCRs as well as chance-find procedures in the event new resources are discovered in the course of project implementation.



Indigenous Peoples OP/BP 4.10	Yes	<p>The Indigenous Peoples' policy is triggered. Most of the Schedule Tribe are Kinnaur, Lahual, Gaddis and the Gujjars and are highly dependent on the natural resources for sustenance. The total Schedule Tribe population is approximately 5% of the total population of Himachal Pradesh. The tribals constitute more than 50% of the population of Kinnaur and Lahaul-Spiti districts, Pangi and Bharmour in Chamba district and is governed by the provisions of Schedule V of the Indian Constitution. In addition, the nomadic transhumance move along designated routes from Shivalik range (foothills of Himalayas) to the upper reaches in summers and to the foothills in the winters, for centuries along established routes for pasture.</p> <p>The forests and highlands of the state are home to several communities and social groupings have lived in relative geographical isolation for the sake of protecting their cultural and social fabric. As a result, these landscapes have significant cultural, historical as well as religious importance of these communities. The program will support pasture development, increase of Non-Timber Forest Produce (NTFP), eco-tourism to promote economic opportunities that will have a positive impact on the Scheduled Tribe and trans-human nomads. However, there may be access to pasture land, traditional routes, etc. may be closed for enhancing the resource base that may have limited adverse impact. Social Assessment in consultation with the trans-nomads and Scheduled Tribe will be undertaken to ensure compliance with Free Prior Informed Consultation (FPIC) to prepare the Social Management Framework and Indigenous People Development Plan. Moreover, to ensure compliance with Panchayat Raj (Extension to Scheduled Areas), Act, specific consultations will be held in Scheduled V areas.</p>
Involuntary Resettlement OP/BP 4.12	TBD	<p>The project will not support civil works and will not entail land acquisition or land donation. However, assessment will be carried out to identify on impact on people that may arise due to restriction (if any) forest land for conservation and treatment.</p>
Safety of Dams OP/BP 4.37	No	<p>The policy on the Safety of Dams is not triggered as the project will not involve the construction of water retention structures that are likely to pose potential hazards to human or animal health and safety. The</p>



project will not fund any dams as defined in OP 4.37 that would trigger the requirements of the policy.

Projects on International Waterways  
OP/BP 7.50

No

The Project will neither involve the use nor have negative impacts on international waterways.

Projects in Disputed Areas OP/BP 7.60

No

The Project will not involved territories in Disputed Areas.

### **E. Safeguard Preparation Plan**

Tentative target date for preparing the Appraisal Stage PID/ISDS

Jan 30, 2018

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

The Project will prepare:

Environmental Assessment/Environmental Management Framework

Social Management Framework

Indigenous Development Plan

Preparation of studies will be launched after PCN approval. Estimated finalization is expected by 30 November 2017.

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**Approved By**

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Country Director:	Hisham A. Abdo Kahin	21-Nov-2017

**Note to Task Teams:** End of system generated content, document is editable from here.