



**Bhutan: Generating Youth Employment and
Community-Based Enterprise Development**

**Environmental and Social Management
Framework (ESMF)**

**Ministry of Agriculture and Forests
Royal Government of Bhutan**

October 2015

Executive Summary

Project Description: The objective of this “Generating Youth Employment and Community-Based Enterprise Development” project (hereafter, the 'Project') is to *generate new and more productive sources of income for poor and vulnerable youth in selected dzongkhags in south-western Bhutan*. The project will consist of four components to be implemented over the course of a three-year period:

- *Component 1: Support Structures to Facilitate Youth-Led Enterprise (YLE) Development* by establishing specialized technical support teams to assist youths in identifying, developing, and leading new business enterprises in a sustainable manner.
- *Component 2: Youth Capacity Building and Empowerment* to empower youths to set up and participate in community-based enterprises, and equip them with entrepreneurial, organizational, business, and technical skills.
- *Component 3: Operationalization of YLEs* that will involve: (a) capacity building for established YLEs; (b) small business grants of \$5,000 to support YLEs; and (c) strengthening of market linkages to facilitate the marketing of new products.
- *Component 4: Project Management, Monitoring and Evaluation, and Knowledge Dissemination.*

Purpose of the Environmental and Social Management Framework (ESMF): The objective of the ESMF is to guide project staff and other stakeholders in addressing relevant social and environmental issues during the implementation of the Project and to ensure compliance with relevant RGoB and World Bank policies.

Social and Environmental Issues and Impacts: The project is expected to have positive impacts by generating new and more productive sources of income for poor and vulnerable youths. As such, it is not expected to lead to adverse social impacts such as physical relocation of people, large-scale acquisition of private lands or restriction of access to national parks, or losses of income. One potential social risk is related to the small size of the project, which will limit the number of youth that may benefit from the project and thus cause resenting on the part of youths living outside the project areas.

In terms of environmental impacts, project-related activities are expected to be small in size and local in nature requiring minimal investments, and with little or no adverse environmental impacts. The environmental impacts, if any, may include: removal or use of trees and other vegetation; pest infestation due to unnecessary and indiscriminate use of pesticides; water pollution; food safety due to use of agro chemicals; air and water pollution from poultry and dairy farms; and occupational health and safety risks, especially in relation to campsites and processing of agricultural products.

Environmental Management Process: The ESMF includes guidelines for mainstreaming environmental concerns in the project. It lays out the following principles for the overall environmental management of sub-projects: (i) activities with severe negative environmental impacts will not be supported, and (ii) all eligible subprojects will be screened (using the ‘Environmental and Social Screening’ (ESS) sheet) to identify and assess the associated

environmental impacts. The project team will systematically undertake the following procedures to ensure overall environmental management of proposed sub-projects:

1. Review negative list of activities
2. EA categorization for exemption or detailed assessment
3. Environmental screening and preparation of EMP
4. Monitoring

Negative List: The Project will not fund any enterprises or sub-projects that: (i) planned to be implemented inside Protected Areas (Wildlife Sanctuaries and National Parks activities); (ii) involuntary resettlement; (iii) clearing of forest or cutting of large mature trees; (iv) involvement of Genetically Modified Organisms (GMOs) that have not been approved by an independent panel of internationally recognized experts, and cleared by the World Bank and the RGoB; and (v) use of pesticides under WHO Class Ia, Ib, and Class II.

EA Categorization: All proposed enterprises (sub-projects) eligible for funding will be categorized into two groups: Category 1: projects which do not lead to adverse impacts and Category 2: projects for which some form of impacts expected (Table ES-1). Applicants will use Form A in Annex 2 to identify the YLEs that are environmentally viable for implementation.

Table ES-1: EA Categorization of Youth-Led Livelihood and Employment Activities

Livelihood Sub-sectors	Category 1 (Excluded from EA Requirement)	Category 2 (Require Environmental and Social Screening)
Agriculture production sector		<ul style="list-style-type: none"> • Organic vegetable production/ marketing, • Vegetable seeds production and marketing development • Medicinal herbs production and marketing development (grading, packaging, labeling) • Drying and packaging of mushroom • Apple pulping plant • Aromatic processing unit • Cardamom production and marketing
Livestock		<ul style="list-style-type: none"> • Backyard dairy and poultry
Community based tourism	<ul style="list-style-type: none"> • Farm house/home stay operation • Heritage village tours and related services • Chef and local cuisines • Hospitality and cultural programs • Antiques/handicrafts displays/showrooms 	<ul style="list-style-type: none"> • Camp site operation and management on trekking routes
Crafts and Cottage Mills	<ul style="list-style-type: none"> • Handloom weaving & marketing • Cane and bamboo crafts production/ marketing • Modern furniture house 	
Others	<ul style="list-style-type: none"> • Transportation services 	<ul style="list-style-type: none"> • Briquette Production factory/ marketing • Fresh water bottling plant and marketing
Environmental	No screening required (Use Form A in Annex 2). A periodic monitoring will be required to record environmental benefits.	Use ES format (Form B in Annex 3)

Livelihood Sub-sectors	Category 1 (Excluded from EA Requirement)	Category 2 (Require Environmental and Social Screening)
Management Process		

Environmental Screening and EMP: Category 2 sub-projects will be screened using form B in Annex 3 to provide environmentally sustainable and socially acceptable livelihood opportunities to targeted beneficiaries. A guideline for identification of adverse and beneficial impacts has been provided in Table 3 of the main text. The outcome of the environmental and social screening will be a sub-project Environmental Management Plan (EMP) and/or Environmental and Social Codes of Practice (ESCoPs) which will be an integral part of the sub-project proposal. The major components of an EMP will include: environmental mitigation/enhancement measures, monitoring mechanisms, institutional arrangements, capacity building plan and budget for implementation of EMP. A comprehensive list of mitigation and enhancement measure can be found in table 3 and ECoPs in Annex 4.

Monitoring: The ESMF requires regular supervision and monitoring of the impact of the project on the social and environment aspects. The project will plan and implement the following environmental monitoring programs to ensure environmental and social sustainability of livelihood programs: (i) compliance monitoring; (ii) quarterly progress monitoring; and (iii) third party environmental review/audit. The arrangements for supervision and monitoring include appointment/ designating of an Environment and Social Focal Points at the PMU and vesting all the environment and social safeguards supervision and monitoring requirements with the respective official. Dzongkhag Environmental Officer will carry out compliance monitoring.

Vulnerable Youth Development Framework: It is expected that the direct beneficiaries of the project will be around 2,000 out of school, unemployed, and under-employed people up to 30 years of age. The project will also target youths who belong to poor and low-income households. As part of the ESMF, a separate Vulnerability Youth Development Framework (VYDF) has been prepared to identify and address impacts on vulnerable youths and ensure their participation and benefits from the project.

The subproject level Vulnerable Youth Development Plan (VYDP) and/or Environmental and Social Codes of Practice (ESCoPs) will include: a qualitative assessment of the aspirations of youths; information dissemination and communication strategy targeting vulnerable youths; and measures for enhancing project benefits. The latter could include measures such as defining eligibility criteria to ensure an agreed minimum percentage of youths from vulnerable groups; selection of niche products and services that would lead to maximum benefits to vulnerable groups; preferential treatment while imparting training and capacity building activities; and exploring opportunities for interest free business/project-based lending and models for public-private partnership.


Gender Development Framework: In line with the legislative and policy framework of the RGoB, women are considered as a target group deserving special attention. Accordingly, a Gender Development Framework has been prepared as part of the ESMF to guide project planning and implementation to ensure that women are able to participate in and benefit from the project.

Actions for gender mainstreaming will be developed as part of the Gender Development Plan (GDP) and/or Environmental and Social Codes of Practice (ESCoPs) for each of the sub-projects/livelihood activities and may include: qualitative assessment of the aspirations of women and men; representation of women in all phases of sub-project cycle; inclusion of women in decision-making bodies; conducting gender-sensitive and participatory consultations; targeting women in training and capacity building activities; giving preference to women in the small business grants; and collecting gender-disaggregated monitoring and evaluation data to track progress and corrective actions, if required.

Grievance Redress Mechanism (GRM): The GRM for the project is based on Bhutan’s existing dispute resolution mechanisms, both formal and informal, that relies on mediation and public hearing managed by local authorities. In addition, a Grievance Redress Committee will be established within the PMU comprising representatives from the MoAF and PAN to receive complaints unresolved through the traditional mechanism. Besides the national system, there is also the option to seek redress through the World Bank’s Grievance Redress System and the Inspection Panel.

Consultation, Participation and Disclosure: During project preparation, a series of consultations were held with important stakeholders, including government institutions, NGOs, private firms, and youths both at the local and central levels. During project implementation, a qualitative assessment will also be carried out to understand the aspirations of women and men of various age groups. In addition, the PMU will develop a communication and information dissemination strategy to inform youths about the project. All publicity materials will indicate that the project is a pilot, and based on its success, there is potential for project funding to be extended to other dzongkhags in subsequent phases. With regards to disclosure, the ESMF will be cleared by the Bank and disclosed in the Bank’s Info shop and also locally with translation of the summary into the local language.

Table ES-2: Sub-project implementation phases and related safeguard activities

Youth Employments/ Subprojects/Activities	Environmental Safeguard	Responsibilities/ Institutional Arrangement
<p>Pre-planning:</p> <p>Preparation of subproject proposals on livelihood</p>	<p>Review negative attributes and Categorization (Form A)</p> <hr/> <p>Environmental and Social Screening (ESS) – (Form B)</p>  <p>Preparation of EMP</p>	<p>Training of the Potential Youths on business development, environmental, and social issues by PMU/ ESFP</p> <hr/> <p>Screening format prepared by potential Youths/ YLEs</p>
<p>Planning (Appraisal and Selection of subprojects for funding)</p>	<p>Review ES and verify Environmental Mitigation Measures, Environmental, and Social Code of Practices (ESCoPs), Health and Safety</p>	<p>Review by Financial Management/Grant Administrator, Environmental and Social Focal person (EFSP), PMU staff, and PAN</p>
<p>Implementation/ Operation</p>	<p>Compliance Monitoring</p> <p>Quarterly Progress Monitoring</p>	<p>Monitoring by beneficiaries, ESFP, Dzongkhag Environment Officer, PAN</p>

	Environmental and Social Audit	Consultants for Audit, ESFP
Reporting	Half yearly progress report, Monitoring report	Selected Youths, ESFP

Institutional and Implementation Arrangements: The project will be implemented through the existing government management system. The RGoB will establish an Independent Project Management Unit (PMU) within the MoAF that will, among other things, be responsible for compliance of the ESMF. The MoAF will assign an Environmental and Social Focal Person (ESFP) in the PMU who will be responsible for implementing the ESMF, more specifically, guiding and overseeing environmental and social compliance by the YLEs. The activities that require overall involvement of the ESFP at the PMU are: (i) reviewing the plans prepared for vulnerable youths, gender development, and environmental management; (ii) monitoring and supervising the implementation of the plans through field visits and report review; and (iii) providing the necessary human resources and technical support. Under the grant component, the PMU along with the Project Advisory Network (PAN) will also screen and approve the grant application. The Dzongkhag Environment Officer along with the ESFP will be responsible for compliance monitoring. Table ES-2 shows the overall implementation arrangement of the YLEs.

Abbreviations

APIC	Agency for Promotion of Indigenous Crafts
BCCI	Bhutan Chamber of Commerce and Industry
CFMG	Community Forest Management Group
CFMP	Community Forest Management Plan
CPS	Country Partnership Strategy
EA	Environment Assessment
EMF	Environment Management Framework
EMP	Environment Management Plan
ESCoP	Environmental and Social Codes of Practice
ESFP	Environment and Social Focal Person
ESS	Environment and Social Screening
GDF	Gender Development Framework
GDP	Gender Development Plan
GNH	Gross National Happiness
GNI	Gross National Income
ICT	Information and Communication Technologies
IT	Information Technology
JICA	Japan International Cooperation Agency
JSDF	Japan Social Development Fund
MOAF	Ministry of Agriculture and Forests
MOL	Ministry of Labor
MTMT	Mobile Training and Mentoring Team
NGO	Non-Government Organization
NWFP	Non wood forest product
OGTP	One Geog Three Product
ORAF	Operational Risk Assessment Framework
PAN	Project Advisory Network
PDO	Project Development Objective
PPD	Department of Policy and Planning Development
RGoB	Royal Government of Bhutan
RNR	Renewable Natural Resources
RRCDP	Remote Rural Communities Development Project
TCB	Tourism Council of Bhutan
UNDP	United Nations Development Program
UNESCO	United Nations Education Scientific and Cultural Organization
VYDF	Vulnerable Youth Development Framework
VYDP	Vulnerable Youth Development Plan
WB	World Bank
YLE	Youth Led Enterprise

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1. Project Description

The objective of this “Generating Youth Employment and Community-Based Enterprise Development” project (hereafter, the 'Project') is to *generate new and more productive sources of income for poor and vulnerable youth in selected dzongkhags in south-western Bhutan*. The project will achieve this objective by promoting the establishment or upgrading of existing youth-led, managed, and operated business enterprises that aim at generating employment for poor and unprivileged youth. The project will consist of the following four components that will be implemented over the course of a three-year period:

Component 1: Support Structures to Facilitate Youth-Led Enterprise (YLE) Development (US\$150,000). The objective of this component is to establish specialized project technical support teams and equip them with the necessary capacity to assist youths in identifying, developing, and leading new business enterprises in a sustainable manner. In particular, the principle of “One Village-One Product” development strategy will be adopted, and enterprises that will produce high quality goods that are part of Bhutan’s cultural and environmental heritage, have local importance, generate demand outside of the specific regions and ultimately develop as potential exports, and enhance self-reliance, will be given preference. Component 1 will include three sub-components:

- (a) *Rapid Market Assessment and Business Planning.* The project will fund rapid economic and technical studies that will assess an area and its natural resource potential for community-based enterprises, ecotourism, and development of value-added niche products through simple, yet green and creative processing. These studies will be utilized to formulate master business plans for each value chain to be used as a foundation for each enterprise.
- (b) *Project Advisory Network Establishment.* The PMU will support the establishment of a Project Advisory Network (PAN)¹ to assist in the review and approval of selected value chain business plans and small grant proposals submitted by Youth-led Enterprises (YLEs), provide independent technical support and guidance to young entrepreneurs, assist in the establishment of an association of YLEs, and identify experts and trainers that will become members of the mobile training and mentoring teams.
- (c) *Mobile Training and Mentoring Team Formation.* The project will create a mobile training and mentoring teams (MTMT) to support the setting up of YLEs and provide them with awareness building, capacity building, and technical advice. It is envisaged that these motivated youths would also serve as a catalyst for mobilizing other unemployed or under-employed youth to explore the route of entrepreneurship.

¹ The Project Advisory Network (PAN) will include representatives of relevant state agencies (for example, Agency for Promotion of Indigenous Crafts, Tourism Council of Bhutan), educational institutions, NGOs (for example, Youth Development Fund, Royal Textile Academy, Loden Foundation, Tarayana Foundation), and the private sector (for example, senior staff of major local travel agencies, BioBhutan)

Component 2: Youth Capacity Building and Empowerment (US\$210,000). This component aims at empowering youth to set up and meaningfully participate in community-based enterprises, and equip them with entrepreneurial, organizational, business, and technical skills to generate sustainable jobs and income. This component will include three types of core training activities: (a) Capacity Building for Youth Empowerment (Organizational Development and Life Skills); (b) Business and Technical Training in Specific Skills and Product Development; and (c) ICT training and application. Specific elements under these sub-components will involve training and mentoring programs, learning by doing, and exchange of experiences established through networks supported by the MTMT.

Component 3: Operationalization of YLEs (US\$640,000). The objectives of this component are: (a) Capacity Building of Established YLEs to support their institutional development and internal governance arrangements, including business accounting, transparency, and rules for members to join or leave the YLE, sharing arrangements for input and marketing efforts, and contracting arrangements; and (b) Allocation of Small Business Grants for YLEs for which the maximum amount of an individual grant would be \$5,000 and the amount of financing to be made available will be based on the amount of contribution from the YLE itself and the number of youth to be involved in the proposed venture - the Grant Administrator and PMU staff will carry out a preliminary review of the applications and those that meet the minimum eligibility criteria, will be sent to the PAN, which would review and recommend to the PMU the best plans for funding; and (c) Strengthening of Market Linkages to facilitate the marketing of new products outside the product area depending on the needs of the enterprises and the products produced.

Component 4: Project Management, Monitoring and Evaluation, and Knowledge Dissemination (US\$250,000). This component will include financing of: (a) project management and implementation arrangements; (b) monitoring and evaluation; and (c) knowledge dissemination.

2. Purpose and Objectives of the ESMF

The objective of this Environmental and Social Management Framework (ESMF) is to guide project staff and other stakeholders in addressing relevant social and environmental issues during the implementation of the Project, and to ensure compliance with relevant RGoB and World Bank policies. Accordingly, the ESMF:

- Defines likely social and environmental issues under the Project that need to be addressed;
- Presents project-specific environmental and social policy framework on the basis of relevant RGoB and World Bank policy requirements;
- Lays out the approaches and procedures relevant during planning and implementation of various project-related activities to address social and environmental issues relating to the Project;
- Details the institutional and implementation arrangements, monitoring and disclosure mechanisms for the ESMF.

The ESMF is prepared on the basis of the social assessment carried out for the Bank-supported Remote Rural Communities Development Project (RRCDP) which is similar in nature to the outputs as well as location of this Project; review of relevant reports and documents on youth and gender; and the findings of the stakeholder analysis and consultations reports.² The preparation of the ESMF also benefitted from reviews of relevant social and environmental policies of the RGoB and the World Bank and a series of consultations with important stakeholders, including relevant government institutions, NGOs, private firms, and youth in the proposed project areas.

The ESMF applies to the entire project, including the institutional support component; capacity building, training, and empowerment components, as well as the credit line component where all applications for grants must be reviewed for compliance with this ESMF.

3. Project Area

Bhutan is internationally recognized for its extensive forest cover and a wide range of vegetation zones. Its diverse ecosystems harbor more than 5,400 species of vascular plants, 770 species of birds, and 170 species of mammals. The country has designated a vast protected areas system, including a network of four national parks, four wildlife sanctuaries, and a strict nature reserve. The proposed Project will be implemented in six Dzongkhags of south-western Bhutan including Haa, Chukha, Samtse, Dagana, Trongsa and Wangdue Dzongkhags. According to the Bhutan Living Standards Survey 2012, these dzongkhags are among those with the highest poverty rates in the country, with a significant number of gewogs (villages) with poverty rates that are over 50 percent, very limited employment opportunities for young people, and weak local capacity. Figure 1 below shows the project location of the six Dzongkhags, followed by a brief description of these Dzongkhags.

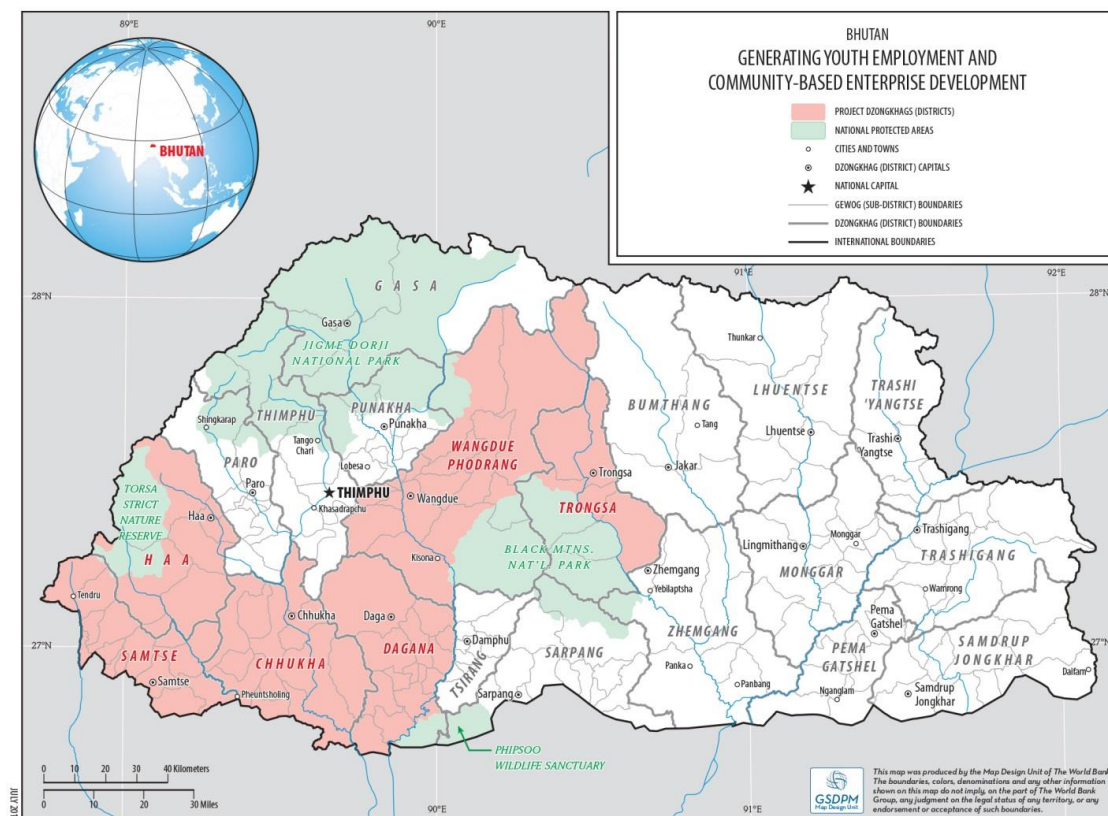
Haa: Haa Dzongkhag has an area of 1898.92 sq km with 6 Gewogs. Located in the extreme western and north part of the country, Haa dzongkhag is characterized by rugged and mountainous terrain, and communities are located in remote settlements. Haa dzongkhag experiences a cool summer with heavy rainfall and cold winter with snowfall.

According to the 2005 census, the population of Haa Dzongkhag was 11,648, making it the second least populated dzongkhag in Bhutan. The dominant language of the district is Dzongkha, the national language of Bhutan. In terms of the economy, the main crops grown in Haa Dzongkhag are wheat and barley, although some rice is grown in the lower reaches of the Haa valley. Potatoes, chilies, apples and other cash crops are grown by farmers on the valley floor, along terraced hillsides, and in some of the more accessible side valleys. According to the 2005 census, almost every household owns livestock of some type, most commonly yaks and cattle, but also chickens, pigs, and horses. Further, 78 per cent of Haa is covered with forest, and forestry plays an important part in local economy. In 2002, the valley was opened to foreign tourism but

² See, Udyog Subedi, 'Report on Consultations,' Bhutan Consulting Associates, April 2015; and Udyog Subedi, 'Stakeholder Consultation for JSDF Activities Preparation,' DrukRudevs Consultants, October 2013.

its tourist resources are considered largely underdeveloped compared with other dzongkhags like Paro, Thimphu, and Bumthang.

Figure 1: Project Area



Samtse: Samtse Dzongkhag lies near the Indian border town of Chamurchi in south-western part of Bhutan. In Samtse, about 64% of the total area is under forest cover and only 8% is under agricultural cultivation. Samtse lies in the sub-tropical monsoon climate zone. The monthly temperature ranges between 15° Celsius in winter to 30° Celsius in summer. Further, it receives an annual rainfall between 1500-4000 ml.

The total population of Samtse was estimated at 60,100 in the 2005 census. While the two main ethnic groups residing in Samtse Dzongkhag are the Lhotshampas and Doyas, recently, smaller groups of Bumthaps, Tshanglas, Ngalongs, Khenpas, and Kurtoeps have started to inhabit the region. The main crops grown in Samtse Dzongkhag are oranges, cardamom, ginger, and areca nuts. These cash crops are exported to the nearby Indian state of West Bengal and even to Bangladesh. Although the main form of employment remains agriculture, there are also agricultural and construction based industries and mining-related activities. One of the dzongkhag's most important features is the Samtse College of Education which was started in 1968.

Chukha: Chukha Dzongkhag covers an area of about 1,802 sq. km with elevations ranging from 200 to over 3,500 masl, with nearly 85 per cent of the area being below 3,000 masl. With over 85 percent of the area under true forest cover, Chukha has one of the highest area under forest cover in the country with the main vegetation types being subtropical, warm broadleaf and cool broadleaf

forests. Arable agriculture land constitutes just a little more than nine per cent of the Dzongkhag. Livestock population is estimated to be 32,720 and mainly includes cattle (76 per cent), goats (17.5 per cent) and sheep (4.2 per cent). The livestock population density is therefore relatively high, with more than 18 heads per sq. km. There is no protected area in this Dzongkhag.

The total population of Chukha was estimated at 74,387 in 2005 making it the most populated dzongkhag following Thimphu. The major town in Chukha Dzongkhag is Phuentsholing which is considered the gateway city along the sole road which connects India to western Bhutan. One of the country's major rivers, the Wang Chhu, runs through the Dzongkhag. Annual rainfall ranges from 750 mm in the north to 4,000 mm in the south. As a result of rich water resource and high precipitation, the Dzongkhag has currently the country's largest hydropower plant, the 336 MW Chhukha Hydro Power Plant. The construction of another hydropower plant – the Tala Hydro Electric Power Project with a planned capacity of 1,020 MW – is underway and a third hydropower plant, Chhukha 3, is in the pipeline.

Further, Chukha is considered the commercial and the financial capital of Bhutan. It is also one of the highly industrialized Dzongkhags, with industrial estates in Gedu, Tala, Pasakha, and Phuentsholing. Phuentsholing is the commercial hub and the second largest town in Bhutan. The Dzongkhag is also home to Bhutan Board Private Limited, perhaps the biggest wood-based industry in the country.

Dagana: Dagana is one of the remotest Dzongkhags in the country. The total area of the Dzongkhag is approximately 1,389 sq. km, with elevations ranging from 600 to over 3,800 masl. The annual rainfall ranges between 750 and 2,000 mm. True forest coverage is nearly 80 per cent and is mainly made up of coniferous, warm broadleaf, and cool broadleaf forests.

According to the 2005 census, the total population of Dagana is estimated to be 18,222. The Dzongkhag has 12.7 per cent of its land under arable agriculture. Most prominent forms of agriculture are dryland farming and tseri (slash and burn cultivation). Livestock population numbers just over 62,000 and includes all types of cattle (nearly 75 per cent) and goats (nearly 19 per cent). The Dzongkhag is one of the least developed Dzongkhags in the country as a result of its rugged terrain and poor access conditions. Like Chhukha, Dagana also does not have any protected areas within its boundaries.

Wangdue Phodrang: The second largest Dzongkhag in the country in terms of area, Wangdue Phodrang has a total area of approximately 4,038 sq. km. The elevation ranges from 800 to 5,800 masl, with more than 72 per cent of the area being between 1,200 and 4,200 masl. The Dzongkhag is among the drier ones in the country, with average annual rainfall being approximately 1,000 mm. Puna Tsang Chhu (called Sunkosh as it flows into the south), one of the country's major rivers, flows through the southeastern part of the Dzongkhag. More than 65 per cent of the total area is under true forest cover. Major forest types are coniferous, warm broadleaf, and cool broadleaf forests.

In 2005, it was estimated that there are 31,135 people living in Wangdue Phodrang. The dominant language spoken in the Dzongkhag, primarily in the western two-thirds of the district is Dzongkha,

the national language of Bhutan. Covering only 2.3 per cent of the total area, the area under arable agriculture land is one of the lowest in the country.

Trongsa: Right in the center of the country is Trongsa with an area of 1,807 sq. km. Its elevation ranges from about 800 to over 4,500 masl, with more than 82 per cent of the area being between 800 and 3,600 masl. Annual rainfall ranges between 1,500 and 3,000 mm. Mangde Chhu, one of the major rivers in the country, flows right through the middle of the Dzongkhag. Approximately 78 per cent of the total area is under true forest cover. Major forest types are warm broadleaf, cool broadleaf and coniferous forests.

With a total population estimated at 13,4198 in 2005, Trongsa is a linguistically diverse district. In the north and east inhabitants speak Bumthangkha, in the extreme southeast Khengkha is spoken, Nyenkha is spoken in the western half of the district and in the extreme south, the national language, Dzongkha, is spoken. In Trongsa, area under arable agriculture land is less than 6 per cent of the Dzongkhag. Livestock population is more than 13,000, with major livestock being cattle (over 86 per cent) and sheep (over 10 per cent). Given the size of the Dzongkhag, livestock population density is relatively low at just over 7 heads per sq. km. Much of the western part of the Dzongkhag falls inside Jigme Singye Wangchuck National Park or its buffer zone. This includes areas of Bjakteng, Korphu, Langthel, and Tangsibji Gewogs.

4. Potential Social and Environmental Impacts of the Project

Under the project, it is anticipated that the rural livelihoods and employment generating activities taken up by youth group would generally be agriculture/animal/dairy/tourism-based. The maximum amount of an individual grant would be \$5,000 and the amount of financing to be made available to an eligible YLE will be based on the amount of contribution from the YLE itself and the number of youth to be involved in the proposed venture. The grant plus the small amount of each YLE’s contribution have the potential to generate additional funds from other sources. Table 1 includes examples of some activities to be taken up by the youths identified during activity preparation study (see Annex 1 for list of proposed activities in each Dzongkhag).

Table 1: Potential Enterprise Activities

Category of Activity	Type of Activity
Agriculture and livestock based (production, processing, and marketing)	<ul style="list-style-type: none"> • Organic vegetable production and marketing • Vegetable seeds production and marketing development • Backyard dairy and processing • Medicinal herbs production and marketing development (grading, packaging, labelling) • Briquette Production factory and marketing • Fresh water bottling plant and marketing development • Modern furniture house • Value-addition (drying and packaging) of mushroom and marketing • Apple pulping plant • Aromatic processing unit • Cardamom production and marketing

Category of Activity	Type of Activity
	<ul style="list-style-type: none"> • Fodder production • Dairy products such as cheese and yogurt for tourists and local consumption
Crafts and cottage production	<ul style="list-style-type: none"> • Cane and bamboo crafts production and marketing in Gakiling • Handloom weaving from yak wool and marketing • Cottage products such as traditional art and crafts, soaps, aromatic oils and incense, hand-made paper, yak and sheep wool products, pottery for cooking and gardening, cane and bamboo items, and other similar niche products for the tourism and hospitality sector
Community-Based Tourism	<ul style="list-style-type: none"> • Farm house/home stay operation and management • Guide services • Heritage village tours and related services • Camp site operation and management on trekking routes • Chef and local cuisines • Hospitality and cultural programs • Antiques/handicrafts displays/showrooms • Transportation services • Captured fishery and fishing services

Based on the list of these prospective activities, the following sections outline the potential social and environmental issues and impacts associated with the implementation of this project.

4.1 Project-Related Social Issues and Impacts

The project is expected to have positive social impacts by generating new and more productive sources of income for poor and vulnerable youths. The direct beneficiaries of the project will be around 2,000 out of school, unemployed, and under-employed people up to age 30 years of age in six dzongkhags with one of the highest poverty rates in Bhutan. In addition, residents of surrounding communities will be indirect beneficiaries through the development of job opportunities and income generating youth-led enterprises.

The project will not result in significant adverse social impacts, such as physical relocation of people or acquisition of private lands. Likewise, restriction of access to national parks or losses of income, are also not expected. The context of Bhutan also suggests that there are no separate groups in the project area considered to be indigenous. Hence, the possibilities of posing social risks to indigenous peoples will not be applicable either.

However, from the broader social perspective, the project will have positive social impacts because it is designed to address one of Bhutan’s pressing problems, youth unemployment. With more employment opportunities for youths in the form of capacity building activities, trainings and provisions for grants, the project can be expected to have a positive impact on the growing social problems associated with youth unemployment (for example, alcohol and drug abuse, petty crime, prostitution, suicide). However, given that there may be different groups among the youths that are particularly vulnerable (e.g., females, youths below 30 years of age, disabled youths), a separate mechanism might be required to enhance project benefits to these groups.

Nonetheless, one potential social risk identified that may arise is related to the small size of the project, which will limit the number of youth that may benefit from the project. This could cause resentment on the part of youth living outside the project areas that will not be allowed to participate in the training or to compete to obtain a grant. To address this risk, a robust Community and Consultation Strategy as well as Grievance Redress Mechanism, will be important.

4.2 Project-Related Environmental Issues and Impacts

Losses of Trees and Vegetation: Small-scale rural livelihood interventions may require removal or use of trees and other vegetation. While some plants will be used for plant-based handicrafts, some may need to be removed or cleared because they hinder the proposed project and may pose safety hazards. However, there are many which could be saved through the cutting back of branches. The deforested areas or open spaces may be used for plantation of similar species, which will compensate the losses trees and vegetation.

These issues are of concern as pressure on forest has been increasing lately. Planning for the Project will try to avoid forest areas to the extent possible, subproject/ activity will ensure minimum tree cut and land clearance, forest approval would be obtained which will include good practices (no land clearance in high risk), and the forest rule will be applied strictly.

Pest Infestation: Some of the YLEs will focus on agriculture production and marketing which may involve application of pesticides. Farmers may use pesticide unnecessarily, indiscriminately, and excessively due to their ignorance and unconsciousness about their use which ultimately pollutes water bodies and puts human health at risk.

The National Plant Protection Center controls the procurement, distribution, and use of pesticides. As a result, control over pesticide use has remained very effective. Nearly 85 per cent of the pesticides used in the country belong to what WHO has categorized as “no acute hazard under normal use” and another 8 per cent belong to the non-toxic group. Use of WHO Class Ia and Ib pesticides is almost negligible and is confined largely to controlling rodents while use of WHO class II pesticides is limited and resorted to only when there is a need to control severe pest outbreaks. However, target beneficiaries will receive training on the safe and judicious use of pesticides.

Water Pollution: Agriculture based YLEs/farming projects normally use fertilizers, but overusing them puts excess nutrients in the ecosystem. Nitrates, which are water-soluble, are quickly transported into rivers and canals. Phosphates attach to soil particles, but may eventually seep through to contaminate groundwater or be carried in rainwater runoff to rivers, streams, and lakes. As phosphate concentrations rise, they may stimulate rapid growth of aquatic vegetation and algae. Irrigation can affect downstream water quality by reducing the amount of water available to dilute contaminants and by potentially increasing agrochemical pollution.

Food Safety: The use of agro-chemicals in the agriculture and feed additives such as toxins binder, antibiotics, vitamin-mineral premixes, and animal protein are potentially harmful to human health. YLEs on livestock rearing may pose serious health risk if the intended beneficiaries have no formal training on drug or agro-chemicals handling, transportation, and storage.

The project will support Bhutan's environment-friendly agriculture policy, such as organic farming as far as possible (and IMP at the most), selecting/promoting/improving local higher yield crop variety, training and support for well-tested and already ongoing livestock support package, better/more efficient use of non-wood-forest-products, sustainable land uses (terracing), and locally developed and tested measures for protecting crops from wild-life. Minor environmental concerns related to agricultural productivity activities and project approach is summarized in Table 2 and 3 below.

Air Pollution from Poultry and Dairy Farms: Poultry farms built in villages can pollute the environment, particularly with offensive odors, and render them unfit for human habitation. The same is true for dairy farms set up in residential areas. However, the farms targeted for the project are of small-scale and so do not present such difficult environmental problems. The project would support well-tested small-scale investment packages (sheds, quality equipment, productive breeds, and training) that takes into account of the health, hygiene, and wastes issues.

Occupational Health and Safety: This is mainly an issue associated with the operation campsite under a community-based tourism program or in the processing of agricultural products. Personnel safety gears are likely to be either unavailable or project beneficiaries may not use the safety items even when available. The commonly used safety items are: boots, hats, globe, and first-aid. The quality of campsites is also improving, with provision of latrines, pits for garbage, and provision of water. The other safety concern is that beneficiaries may have an accident at the processing unit or campsite if the sites are not fenced (or access not controlled).

Cultural, historical or archaeological sites: There are no cultural, historical, or archaeological sites of significance in any of the Project locations. Schools and churches/chapels could be seen in villages within the vicinity of the airport but these would not be affected by the proposed Project.

5. Policy Basis for the ESMF

The ESMF is prepared on the basis of relevant RGoB and World Bank policies. A brief summary of the relevant policies is provided below.

5.1 Bhutan's Socio-Economic Policies and Regulations

The Constitution of Kingdom of Bhutan: The Constitution of Bhutan guarantees equality between all persons under the law and specifically mentions that individuals will not be discriminated against on the grounds of race, sex, language, religion, politics or other status.

Labour and Employment Act, 2009: The Labour and Employment Act which was enacted by the National Assembly of Bhutan during its 86th Session includes provisions relating to employment contracts, compensation and benefits, working conditions, occupational health and safety, age requirements, dispute resolution and labour associations. Likewise, the Act also prohibits the use of forced labour and child labour, discrimination of employees and job-seekers and sexual harassment.

National Youth Policy, 2010: The National Youth Policy provides a broad framework for youth engagement that seeks to ensure that all young men and women are provided with support and meaningful opportunities to “reach their full potential as they actively participate in society.” The priority target youth groups include: out of school youth; under-employed and unemployed young people; young people engaging in risky sexual behavior; young people using drugs and alcohol; youth with disabilities; orphans; young Monks/Nuns; domestic workers; girls working in drayangs; and uneducated young women in urban and rural areas. The policy specifies eight areas of focus including, capacity building of youths, vocational education and training, entrepreneurial skills enhancement, and gainful employment opportunities. The policy also has a clause against gender discrimination.

11th Five Year Plan, 2013-2018: The Eleventh Five Year Plan sets out a development agenda for the country which is based on the government’s ideology of “Prosperity for All” and focuses on ‘Self Reliance and Inclusive Green Socio-economic Development.’ The 16 National Key Results Areas (NKRAs) identified in the plan include: full employment; strengthened identity, social cohesion and harmony; promotion of indigenous wisdom, arts and crafts for sustainable livelihoods; sustainable utilization and management of natural resources; promotion of gender-friendly environment for enhanced women’s participation; and addressing the needs of vulnerable groups, among others.

5.2 Bhutan’s Environmental Policies and Regulations

The majority of Bhutan’s environmental policies, legislation, and regulations pertaining to environmental management were enacted after 1995. The Constitution of the Kingdom of Bhutan requires RGOB to: (a) protect, conserve and improve the pristine environment and safeguard the biodiversity of the country; (b) prevent pollution and ecological degradation; (c) secure ecologically balanced sustainable development while promoting justifiable economic and social development; (d) ensure a safe and healthy environment; and (e) ensure that a minimum of 60 percent of Bhutan’s total land area is maintained under forest cover. The country has made significant progress in specific environmental management policy development, as listed below.

- National Environment Protection Act 2007
- National Forest Policy, 1974 and 2011
- National Environmental Strategy 1999
- Forest and Nature Conservation Act, 1995
- Forest and Nature Conservation Rules, 2000
- Environmental Assessment Act, 2000
- Regulation for the Environmental Clearance of Projects, 2002
- Regulation for Strategic Environmental Assessment, 2002
- National Environmental Protection Act of Bhutan, 2007
- Application for Environmental Clearance Guidelines
- Environmental Codes of Practices (first published in 1999 and later revised in 2003/04)
- Pesticides Act of Bhutan, 2000
- Biodiversity Act of Bhutan, 2003

- The Water Act of Bhutan 2011

5.3 World Bank Safeguards Policies relevant to the Project

The relevant and applicable safeguards policies of the World Bank were reviewed in the preparation of ESMF. The following section describes these policies and discusses their applicability to the project:

Environmental Assessment, OP/BP 4.01: This policy is applicable because the proposed project intends to improve livelihoods and living conditions of rural poor and extreme poor, it may have some minor impacts from agriculture based livelihoods, and market facilitation. Therefore, the project is classified as a “Category B” under OP/BP 4.01 with a partial assessment as the impacts are likely to be very minor, site specific with no irreversible impacts, and mitigation measures can be designed more readily.

The Environmental and Social Management Framework (ESMF) will ensure environmental management of Youth Led Enterprises to be implemented under the JSDF. This ESMF provides a check list as well as guidelines to carry-out sub-project specific environmental assessment and EMPs, costing, implementation, and guidelines for implementation and monitoring. In addition, this ESMF provides a negative list of attributes and interventions so that no natural habitats or physical cultural resources will be affected during the implementation of sub-projects.

Forestry, OP/BP 4.36: This policy prohibits financing for commercial logging operations or acquisition of equipment for use in primary moist tropical forests. No activities will be undertaken inside forest areas nor will be forest planting be undertaken. Some of the sub-projects to be supported under the proposed project may be located near the National Parks and Forests, which means possibility of tree loss and impacts on the forests, and some economic activities will include processing of non-timber forest products. Hence this policy is applicable.

However, enterprise activities will be undertaken in well-defined areas and will follow best forestry practices and management to be included in the ESMF as indicated by the policy for small-holder forestry activities. Project activities will not be undertaken in protected areas or protected forests.

Natural Habitats, OP/BP 4.04: The policy prohibits Bank support for a project which would lead to the significant loss or degradation of any critical natural habitats or significant conversion of natural habitats unless there are no feasible alternatives. None of the subprojects or activities is located in the natural habitat, and/ or dependent on the resources from these habitats. Hence, it is highly unlikely the project will cause any “significant” conversion or degradation of natural habitats. The Natural Habitats OP has been triggered as a precautionary measure.

The proposed Project will not implement any activities inside any Protected Areas (wildlife sanctuaries, national parks, etc.). It is also highly unlikely that any natural habitats formed largely by native plant and animal species would undergo transformation of use or would be affected or modified by project activities. It is expected that enterprises might include community-based tourism with youth engaged in guiding tours in forests and national parks areas. It is also expected

that youth led enterprises will harvest and process forests' natural resources. The ESMF would ensure that endangered, threatened, or depleted species would not be harvested or adversely affected by the activity. The presence of natural habitats will be assessed during the environmental and social screening of sub-projects. The ESMF suggests a negative list (non-eligibility for project support) to ensure that activities are not located in or dependent on resources from critical natural habitats.

Indigenous Peoples, OP/BP 4.10: This policy applies to all World Bank financed operations and is triggered where indigenous peoples as defined in the policy are impacted by the project, either positively or negatively. It requires that a process of free, prior, and informed consultation is undertaken with the indigenous people in the project areas, and that projects are designed to ensure they receive social and economic benefits that are culturally appropriate. Since 'indigenous peoples' have not been recognized officially or through legislation in Bhutan, and the various ethnic groups cannot be categorized as 'indigenous' either based on 'self-identification,' 'collective attachment' to a particular area, or customary institutions that are separate from the dominant culture, the World Bank's policy on Indigenous Peoples OP/BP 4.10, was not triggered under this project. However, the project has been designed to support one of Bhutan's most vulnerable population groups—unemployed youths. Thus, an Environmental and Social Screening checklist will be administered and both a Vulnerable Youth Development Framework and a Gender Development Framework have been prepared as part of the ESMF to support the vulnerable among the youths in Bhutan.

Involuntary Resettlement, OP/BP 4.12: This policy is triggered in situations involving involuntary taking of land and involuntary restrictions of access to legally designated parks and protected areas. The policy aims to avoid involuntary resettlement to the extent feasible, or to minimize and mitigate its adverse social and economic impacts. However, in the context of this Project, any form of land acquisition has not been envisaged; thus, OP 4.12 has not been triggered. Accordingly, there will be no land acquisition in any form under this project since the operational policy on involuntary resettlement has not been triggered. The Environmental and Social Screening checklist prepared for the Project will help screen out applications/proposals that require additional land.

6. Environmental Management Process

This section describes the guidelines for mainstreaming environmental considerations in the Youth Employment/livelihood programs to be implemented by the MoAF. It discusses the overall environmental management process for selected livelihoods, including categorization of interventions based on their EA requirements, tools for screening or assessing environmental impacts, environmental mitigation measures, and environmental and social codes of practice. Figure 2 shows the overall environmental management process flow diagram of YLEs or livelihood activities.

6.1 Environment Management Principles

As mentioned earlier, the youth employment and/or rural livelihoods activities to be undertaken through the project are expected to be small in size and local in nature, requiring minimal investments with little or no environmental and social adverse impacts. However, to ensure any potential risks are minimized or mitigated, the PMU will observe the following principles in the overall environmental management of sub-projects:

- Activities with severe negative environmental impacts will not be supported by the Project;
- All eligible subprojects will go through environmental and social screening and assessment and will prepare sub-project specific Environmental Management Plans (EMPs);
- Subprojects would be implemented with the continuous community engagement and environmental oversight; and
- Individual youth beneficiary planning to operate a business will plan, screen, mitigate, and monitor environmental and social issues in the implementation and operation stage.

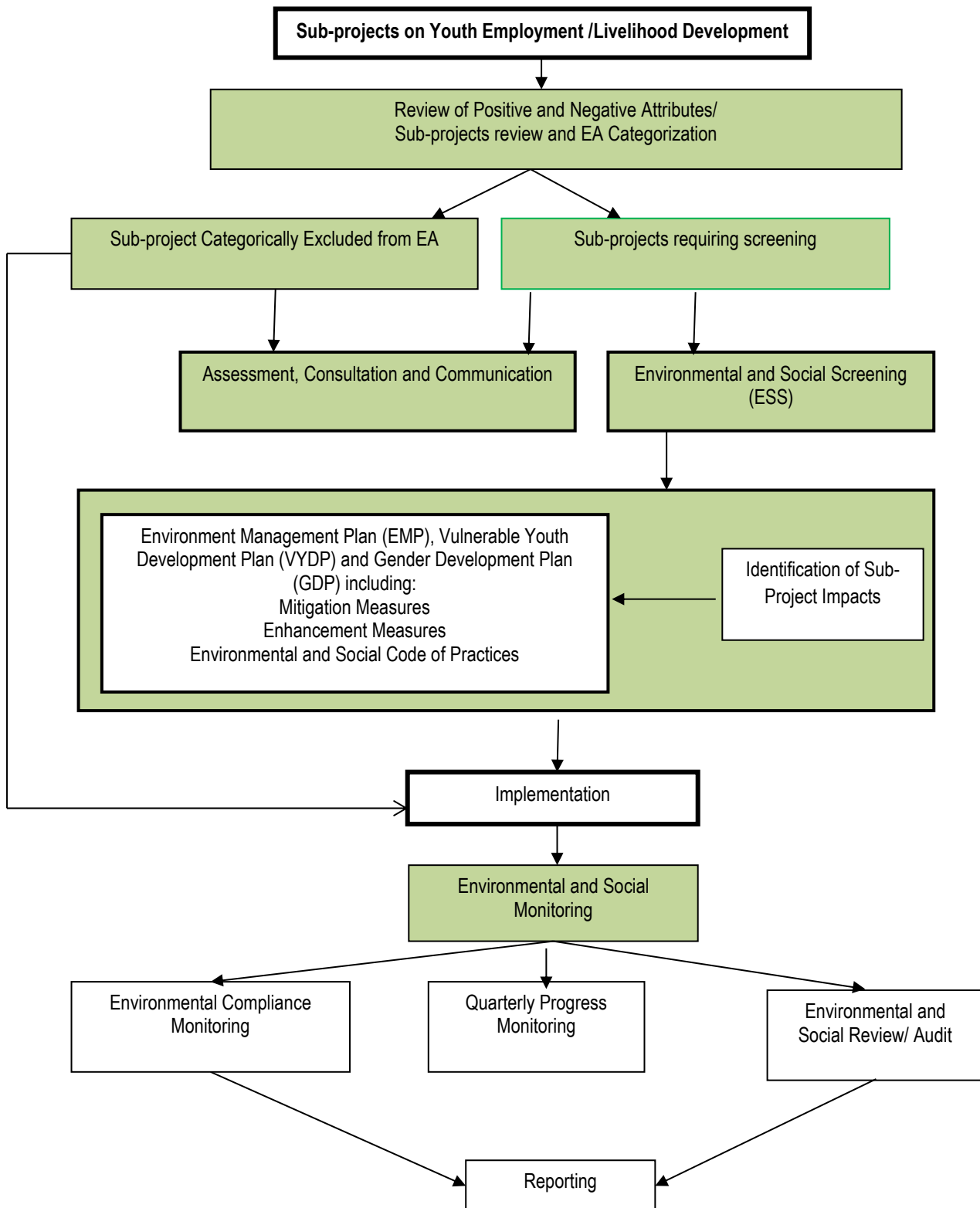
6.2 Negative List of Sub-Projects

The Project will not support any activities that may have significant environmental impacts, including destruction of natural habitats, deforestation, and involuntary land acquisition and resettlement. Specific sub-projects with any of the attributes listed below will be ineligible for support under the Project:

- Activities to be implemented inside Protected Areas (Wildlife Sanctuaries and National Parks);
- Activities involving significant conversion or degradation of critical natural habitats;
- Activities leading to land acquisition and/or involuntary resettlement;
- Activities that involve clearing of forest or cutting of large mature trees or those that consume large amounts of local wood without rehabilitation;
- Activities that involve Genetically Modified Organisms (GMOs) that have not been approved by an independent panel of internationally recognized experts, and cleared by the World Bank and the RGoB; and
- Use of pesticides under WHO Class Ia, Ib, and Class II.

At the YLE identification stage, prospective applicants will use Form A (in Annex 2) to identify the YLEs that are environmentally viable for implementation.

Figure1: Process flow showing various phases of environmental management



6.3 Environmental Categorization of Projects

Presently, the specific types of youth employment related activities as well as those concerning livelihoods are under preparation and sub-projects are yet to be identified. However, as already mentioned earlier, the sub-projects are expected to be small in size and local in nature inducing no or negligible and temporary impacts. In order to prevent any adverse impacts, however minimal preparation and implementation of an ESMF is proposed for this project. As part of this process, the project will follow the following process and categorize the employment/livelihood activities proposed by the youths in the following manner:

Category 1 (Categorically Excluded): Livelihood interventions for youth employment that do not have any negative impacts are categorically excluded from requirements for environmental assessment (EA). Column 2 of Table 2 below includes examples of livelihood development activities that can be approved without environmental and social screening. However, the ‘Identification of Youth Led Enterprises and EA Requirement’ form (Annex 2) needs to be filled out for project identification and submitted with the application for the Small Business Grants.

Category 2 (Require Screening): Subprojects that may have impacts, even minor ones, will require environmental and social screening and will be grouped under Category 2. Column 3 of Table 2 includes examples of livelihood development activities that require environmental and social screening. For the Category 2 projects, the environmental impacts are identified and predicted after filling a simple ‘Environmental and Social Screening’ sheet (ESS) (Refer to Annex 3). The main objective of this exercise is to collect basic information about the sub-project as well as potential environmental impacts to be generated by the sub-projects during the proposal preparation stage.

The ESS is to be filled by applicants (potential youths applying for the grants) with support from the Environment and Social Focal Person (ESFP) will generate an Environmental Management Plan (EMP). The EMP along with the ESS will be attached to the sub-project proposals. At the implementation stage, Dzongkhags’ Environmental Officer will routinely carry out compliance monitoring of the EMPs.

Table 2: EA Categorization of Youth-Led Livelihood and Employment Activities

Livelihood Sub-sectors	Category 1 (Excluded from EA Requirement)	Category 2 (Require Environmental and Social Screening)
Agriculture production sector		<ul style="list-style-type: none"> • Organic vegetable production and marketing, • Vegetable seeds production and marketing development • Medicinal herbs production and marketing development (grading, packaging, labeling) • Value-addition (drying and packaging) of mushroom and marketing • Apple pulping plant • Aromatic processing unit • Cardamom production and marketing
Livestock		<ul style="list-style-type: none"> • Backyard dairy and poultry

Livelihood Sub-sectors	Category 1 (Excluded from EA Requirement)	Category 2 (Require Environmental and Social Screening)
Community based tourism	<ul style="list-style-type: none"> • Farm house/home stay operation and management • Guides and services • Heritage village tours and related services • Chef and local cuisines • Hospitality and cultural programs • Antiques/handicrafts displays/showrooms 	<ul style="list-style-type: none"> • Camp site operation and management on trekking routes
Crafts & Cottage Mills	<ul style="list-style-type: none"> • Handloom weaving and marketing • Cane and bamboo crafts production & marketing • Modern furniture house 	
Others	<ul style="list-style-type: none"> • Transportation services 	<ul style="list-style-type: none"> • Briquette Production factory and marketing • Fresh water bottling plant and marketing
Environmental Management Process	No screening required (Use Form A in Annex 2). A periodic monitoring will be required to record environmental benefits.	Use ES format (Form B in Annex 3)

6.4 Prediction and Assessment of Environmental Impacts

Activities to be implemented under the Project aims to provide environmentally sustainable and socially acceptable livelihood opportunities for the targeted and eligible unemployed youths. While bearing in mind the general dictum, ‘any and all development interventions will also have some negative impacts,’ it is nevertheless the case that impacts of activities supported under the project will most likely be negligible, temporary, localized, and reversible for the following reasons:

- The project is a rural livelihood project.
- The investments that go into these sub-projects are marginal.
- Significantly low environmental impacts are anticipated.

Regardless, all subprojects (Category 2) need to identify potential negative and positive impacts during the planning stage. Following this, mitigation measures need to be determined if there are any negative impacts. Table 3 provides guidance on the identification of specific impacts relating to potential subprojects, including examples of mitigation measures. Accordingly, the MoAF will be responsible for ensuring that relevant provisions are incorporated in the Environmental Management Plan (EMP) as part of the sub-project proposals in order to facilitate the integration of environmental and social issues into the sub-project implementation.

6.5 Preparation of Environmental Management Plan (EMP)

The outcome of the environmental and social screening will be a sub-project Environmental Management Plan (EMP), which is an integral part of the sub-project proposal. The EMP will also identify the technical and financial support required to implement the necessary mitigation measures and suggest a monitoring plan. The financial support required to implement the mitigation measures will be included in the sub-project cost.

The major components of an EMP will include the following components:

1. Environmental Mitigation/ Enhancement Measures
2. Environmental Monitoring and Audit
3. Institutional Arrangements
4. Capacity Building Plan
5. Budget for implementation of EMP

As mentioned in Sections 6.3 and 6.4, for Category 2 sub-projects, specific impacts and corresponding mitigation/enhancement measures should be followed during implementation and operation of livelihood activities (Table 3 includes guidance on the identification of risks and suggested mitigation measures). However, based on the actual nature and type of sub-project, suitable and appropriate modifications and additions need to be made. Accordingly, the PMU will be responsible for ensuring that relevant mitigation measures are implemented as sub-projects go into implementation.

Table 3: Guidance for Environmental Impact Identification and Mitigation Plan for Livelihood Activities

Activities	Impacts (Positive And Negative)	Enhancement/ Mitigation Measures	Responsibility
Agriculture Production, processing, and marketing (Crops/ Fruits/ Vegetables/ Home/Kitchen Gardens)	<p>Positive Impacts</p> <ul style="list-style-type: none"> • Increased fodder production • Reduced surface run-off and soil and nutrient loss • Improved crop cultivation practices • Enhanced soil moisture 	<p>Enhancement Measures</p> <ul style="list-style-type: none"> • Mixed cropping and flexibility in planting, rotation of crops and bringing the cultivated land under leguminous crop (pea, lentil etc.) should be encouraged as these will maintain soil fertility. • Promotion of agro-forestry will maintain biological fertility of soil. • Use of waste bio products for packaging • Use of Integrated Pest Management techniques • Plantation/ protection of pest controlling plants • Build awareness among farmers on mixed cropping, use of bio-compost, biotic control of pests, etc. 	<ul style="list-style-type: none"> • Youth • Environment and Social Focal Person (ESFP) • Dzongkhags Environmental Offices • PAN
Agriculture Based (Crops/ Fruits/ Vegetables/ Home/Kitchen Gardens)	<p>Negative impacts</p> <ul style="list-style-type: none"> • Open disposal of pesticide containers is hazardous to cattle, children. • Chemical fertilizer, pesticide & insecticide pollution • Introduction of high yielding varieties might have impact on local agro biodiversity. • Excess use of water for intensive cropping depleting the scarce water resources. • Contamination of soil and water bodies nearby due to runoff. • High chemical residues in food crops. • Loss of useful insects (natural enemies to Pest) • Use of fertilizers under INM without following the recommendations leads to algal blooms in water bodies leading to loss of aquatic biodiversity. • Introducing new high yielding varieties may affect local biodiversity • Water stagnation due to excess irrigation 	<p>Mitigation Measures</p> <ul style="list-style-type: none"> • Pesticide containers should be collected in a safer place and deposited back to the seller for safe disposal or possible reuse. • Use of bio-compost, organic mulch/ Green Manure and vermin compost and Suitable organic / biotic control of insects and pests will result in lesser use of permissible chemical fertilizers and pesticides. • Selection of low water demanding crops • Rain water harvesting, storage of surface water • High nutritional value traditional crops should not be totally replaced by high yielding varieties. • Levelling of crop field and maintenance of terraces/ bund to check water runoff and soil loss • Genetically manipulated varieties should be avoided • Organic manure application to enhance yield • Would be useful to consider traditional varieties with high nutritive values. • Follow organic methods to the extent possible. • Follow efficient practices of irrigation in the gardens. 	<ul style="list-style-type: none"> • Youth • Environment and Social Focal Person (ESFP) • Dzongkhags Environmental Offices • PAN

Activities	Impacts (Positive And Negative)	Enhancement/ Mitigation Measures	Responsibility
Livestock based ((Dairy/ Poultry Rearing)	<p>Positive Impacts</p> <ul style="list-style-type: none"> • Improved livestock / milk production • Reduced exploitation of forest areas • Greater management of fodder resources • Healthy Livestock • Improved sanitation 	<p>Enhancement Measures</p> <ul style="list-style-type: none"> • Farmers training and awareness programs to check the quality of the urea-molasses brick and poisoning. • Veterinary camps may be sponsored. • Services should be provided by professionals. • Use of farm yard manure should be encouraged • Shelter for animals owned by transhumant. • Training should be imparted for upgradation of animals, livestock husbandry, health of animals and nutritional standards • Livestock productivity should be monitored regularly 	<ul style="list-style-type: none"> • Youth • Environment and Social Focal Person (ESFP) • Dzongkhags Environmental Offices • PAN
Livestock based (Dairy/ Poultry Rearing)	<p>Negative Impacts</p> <ul style="list-style-type: none"> • Land/ Vegetation degradation due to overgrazing. • Water pollution from poor manure management. • Health risk (zoonotic diseases) from poor housekeeping and handling. • Hybrid animals are more prone to diseases and require intensive care and more provisions for health care. • Loose/ moisturized feeding of urea-molasses brick may lead to poisoning. • Lack of nutritious forage may decline the productivity of improved cattle • Post project maintenance of animal health program might be a problem 	<p>Mitigation Measures</p> <ul style="list-style-type: none"> • Plantation of livestock fodder. • Improved composting methods – pit composting. • Maintenance of safe distance between manure pit and water sources. • Maintenance of shed sanitation and hygienic handling. • Construction of shed location and design as per technical recommendations. • Proper disposal of diary waste • Promotion of improved indigenous breeds. • Control feeding of urea-molasses bricks to avoid poisoning. • Proper packing and storage of treated fodder will not result in poisoning. • Animal health practices like storage of vaccines & drugs, insemination centre sets, etc. through veterinary departments shall be adopted. • Fodder management incorporating fodder cultivation, stall feeding, rotational grazing, supplementary feeds, use of chaff cutter, etc. 	<ul style="list-style-type: none"> • Youth • Environment and Social Focal Person (ESFP) • Dzongkhags Environmental Offices • PAN

Activities	Impacts (Positive And Negative)	Enhancement/ Mitigation Measures	Responsibility
Community Tourism based (Camp site operation and management on trekking routes)	<ul style="list-style-type: none"> • Solid waste generation • Risk of Accident • Public health and sanitation • Fire risk at the camp site 	ECOPs on the trekking and campsite and approved list of trekking routes have been provided in Annex 5 (ECOP, NEC 2004).	<ul style="list-style-type: none"> • Youth • Environment and Social Focal Person (ESFP) • Dzongkhags Environmental Offices • PAN

7. Vulnerable Youth Development Framework

The project is expected to yield positive social impacts by generating new and more productive sources of income for the poor and vulnerable youths of Bhutan. However, as mentioned earlier, in the Bhutanese context, there are no groups that can be categorized as 'indigenous' because of their distinct identity from the dominant culture, the concept of indigenous people or vulnerable community has not been recognized/defined officially or through legislation either. As a result, World Bank's policy on Indigenous Peoples OP/BP 4.10 has not been triggered for this Project. Yet, the project has been designed to address one of Bhutan's pressing problems, youth unemployment which in turn can also help address growing social problems relating to alcohol and drug abuse, petty crime, prostitution, and suicide. As a result, a separate Vulnerable Youth Development Framework (VYDF) has been developed to mitigate risks, if any, related to the project while ensuring maximum project benefits to the vulnerable youths.

7.1 Vulnerable Youths in Bhutan

Because Bhutan does not have a specific definition or identification of 'vulnerable groups' or 'indigenous peoples,' that are disadvantaged as a consequence of their identity and ethnicity, 'vulnerability,' which is a multi-dimensional concept, needs to be defined within specific project contexts. In terms of youth groups, the RoGB's priority youth groups, as indicated in the National Youth Policy 2010, includes out of school youth; under-employed and unemployed young people; young people engaging in risky sexual behavior; young people using drugs and alcohol; youth with disabilities; orphans; young Monks/Nuns; domestic workers; girls working in drayang; and uneducated young women in urban and rural areas.

Of these various youth groups in Bhutan, those for whom entrepreneurial activities, enhanced employment opportunities, and skills and capacity development activities are most relevant, would be considered 'vulnerable youths' under the project. Specifically, it is expected that these 'vulnerable youths' will be around 2,000 out of school, unemployed, and under-employed people up to 30 years of age. Besides, the project will also target youths who belong to poor and low-income households. Together these youths are spread across various ethnic groups and will need special attention to ensure that they benefit from the project activities and are not adversely impacted.

The social assessment conducted for a similar project (Remote Rural Communities Development Project) and stakeholder analysis conducted for this Project also did not identify any groups that would be vulnerable as a result of the project. However, there is a risk that youths living in remote areas would be excluded from project benefits owing to limited access to information about the project, project training, and how they can participate. Specific mechanisms would be required to ensure that these groups are able to participate in and benefit from project activities.

7.2 Objective and Principles of Vulnerable Youth Development Framework

This VYDF is prepared to guide project planning and implementation to identify and address impacts on vulnerable youths and ensure their participation and benefits from the project. The specific objectives of the VYDF are to:

- Ensure the participation of the affected vulnerable youths in the entire process of preparation, implementation and monitoring of the project activities;
- Guarantee that project benefits will accrue to vulnerable youths, particularly the out of school, unemployed, and under-employed people up to 30 years of age;
- Develop measures to ensure that adverse impacts on the vulnerable youths will be mitigated.

7.3 Identification of Vulnerable Youths and Assessment of Impacts

In order to identify the vulnerable youths, a baseline survey and an inventory of vulnerable groups will be undertaken at the start of project implementation to identify vulnerable youths and assess their specific needs and impacts. The comprehensive baseline survey in the six dzongkhags would help determine the skills and income levels of the targeted beneficiaries by gender and age. The baseline survey will be used to develop a list of vulnerable youths based on which an inventory of vulnerability will be developed. The inventory will include: (i) description of their vulnerability (status, cause, etc); (ii) extent of adverse impacts on them (e.g., their exclusion for reasons of remoteness, low-income status); (iii) project benefits that they may receive; (iv) current mechanisms for their participation in the project; and (v) potential opportunities for their social and economic betterment.

7.4 Development of Specific Measures for Vulnerable Youths

Based on the results from the baseline survey and the inventory, further consultations will be carried out with the identified vulnerable youths. Discussions will focus on potential positive and negative impacts of the project activities; measures to enhance project benefits; and options and measures to minimize and/or mitigate negative impacts, if any.

These will lead to the formulation of a set of measures to mitigate adverse impacts and enhance project benefits to the vulnerable youth groups, which will be developed as part of the Vulnerable Youth Development Plan (VYDP) and/or Environmental and Social Codes of Practice (ESCoPs). Specific measures that could be included in the VYDP or ESCoPs are:

- A. Understanding the Needs
 - A qualitative assessment of the aspirations of youths, especially the most vulnerable, through focus group discussions, to solicit feedback on the challenges faced by them, their views on solutions and coping mechanisms, issues of cultural conflict and generational gap, as well as feedback on training programs and how they can be improved;

- An assessment of interest/motivation of youths to understand their interest in developing entrepreneurial and business development skills and opportunities;
- A consultation strategy that would ensure the participation of youths from vulnerable groups and also develop mechanisms that would allow them to reap maximum project benefits.

B. Raising Awareness and Information Dissemination

- An information dissemination and communication strategy to help disseminate information about project activities. For this, the relevant dzongkhag authorities could be mobilized to inform the gewogs in their jurisdiction about the project and how youth may participate;
- Utilize self-help groups (e.g., Community Forestry Management Group) and Community Service Centers to inform vulnerable youths about the project and support their mobilization.

C. Enhancing Project Benefits

- Define eligibility criteria for small business grants that would involve an agreed minimum percentage of youths from vulnerable groups;
- Selection of niche products and services that would lead to maximum benefits to the vulnerable youths. Few that were identified during stakeholder consultations include: high-value niche products (e.g., medicinal plants, mushrooms, essential and aromatic oils), community based tourism, cold water fishery, vegetable farming, among others.
- Emphasize vulnerable youths while imparting training and capacity building activities;
- Seek opportunities to provide interest free business/project-based lending, especially for youths from vulnerable categories;
- Explore opportunities for public-private partnership model to support enterprises initiated by vulnerable youths that can also reach economies of scale.

8. Gender Development Framework

8.1 The Country Context

Bhutan is generally regarded as having a high level of gender equality in comparison to countries in South Asia. This could be mainly due to various socio-cultural practices as well as legal and policy provisions. The Bhutanese culture fosters gender equality, most significantly the tradition of passing land and other forms of inheritance through daughters, although in the southern communities it is largely patrilineal. Women enjoy equal access to productive resources and protection under the law. As a result, female labor force participation is high in the agricultural and nonagricultural sectors combined. Further, the legislative framework in Bhutan is also considered non-discriminatory. The present Constitution of Bhutan, Local Government Act (2009), Labor and Employment Act (2007), Penal Code of Bhutan and 10th and 11th Five Year Plan have specific provisions that are conducive for promoting gender

equality. Additionally, empowerment of women and gender equality has also been an integral part of the RGoB's efforts through initiatives such as the National Plan of Action for Gender (NPAG), 2008-2013; the Domestic Violence Prevention Act 2013; and capacity building initiatives for women leaders.

Despite these measures, gender gaps continue to prevail in Bhutan. For instance, in terms of education outcomes, of the students continuing to higher secondary schools, 66% of boys but only 60% of girls are able to pass qualifying exams to enter publicly funded schools. Participation by girls in education drops again at the tertiary level. Further, unemployment rates have been higher among women than men since 2009. Women's participation is also lower than males in regular paid employment (6.1 percent as compared to 17.8 percent for men) but is much higher than men in agricultural occupations (38.2 percent against 23.7 percent for men). In fact, 73 percent of all employed women in Bhutan are engaged in the agricultural sector.

To address these concerns, the 11th Five Year Plan, which provides the framework for Bhutan's development programs for the period 2013-2018, focuses on creating a gender responsive legal environment through the development of a Gender Equality Law; implementation of the Gender Responsive Planning and Budgeting Strategy; strengthening gender mainstreaming initiatives/capacity at all levels including the private sector; collecting and using sex-disaggregated data; awareness-raising programs at all levels; enhancing women's participation in employment and economic activities; and effective monitoring and implementation of current laws, rules and regulations, policies, plans, and programs.

8.2 Objectives and Principles of Gender Development Framework

In line with the legislative and policy framework of the RGoB, the Project considers women as a target group deserving special attention. Accordingly, a Gender Development Framework has been prepared as part of the ESMF to guide project planning and implementation to ensure that women are able to participate in and benefit from the project. The specific objectives of the Gender Development Framework are to:

- Support gender mainstreaming and women's empowerment in the entire project cycle;
- Ensure participation of women during the process of preparation, implementation and monitoring of the sub-projects;
- Develop operational measures to ensure gender-equitable participation and benefits;
- Create provision for monitoring and evaluation of gender differentiated impact and participation.

8.3 Key Gender Issues Related to the Project

As explained earlier, despite the country's overall gender equality ethos, Bhutanese women are far behind compared to men in terms of access to employment opportunities as well as socio-

economic outcomes. This is particularly important for women in rural areas—living in remote areas with limited roads, lack of access to resources, and low levels of human capital pose serious constraints to rural women in marketing produce, using education and vocational training services, finding employment, and traveling to district centers. The gender equality issues relevant to the project include: (i) unequal access to jobs outside the agricultural sector, particularly those viewed as non-traditional for women; (ii) extreme poverty among female heads of rural households; (iii) low educational levels, especially among rural women; and (iv) low levels of awareness and participation in public activities.

8.4 Approach and Strategy

In order to address the gender issues discussed above, simple gender mainstreaming actions will be identified and implemented at the various stages of the Project to maximize benefits to women among vulnerable youths and to ensure that men and women equally share the benefits of this Project. These gender mainstreaming actions will be developed as part of the Gender Development Plan (GDP) and/or Environmental and Social Codes of Practice (ESCoPs) for each of the sub-projects/livelihood activities supported under the Project. Specific measures that could be included in the GDP or ESCoPs include:

- A qualitative assessment of the aspirations of women and men of various age groups, especially the most vulnerable, should be carried out through focus group discussions, to solicit feedback on the challenges being faced by them, their views on solutions and coping mechanisms, culture conflict issues, and generational gap issues, as well as feedback on the training programs and how they can be improved;
- Representation of women in all exercises of sub-project designing, planning, implementation, and monitoring.
- Inclusion of women in decision-making bodies (e.g., Project Advisory Network (PAN), Project Steering Committee (PSC) and even the Project Management Unit (PMU)).
- Conducting gender-sensitive and participatory consultations while finalizing and designing the various sub-project activities such as the selection of niche products, training activities, and capacity building initiatives.
- Targeting women, especially those among the vulnerable youths in all the training and capacity building activities relating to the project such as entrepreneurial skills, business management skills, ICT skills, organizational development, and life skills.
- Giving preference to women in the small business grants supported under the project—the eligibility criteria for grants will include an agreed minimum percentage of youths and women; and of the new and pre-existing YLEs supported through the grant component, 30 percent of the enterprises need to be owned by women.
- Collecting gender-disaggregated monitoring and evaluation data to track the extent to which women have been able to participate and benefit from project activities.

9. Consultation, Participation and Disclosure

9.1 Consultation

During the preparation of this Project, a series of consultations were held with several important stakeholders, including relevant government institutions, NGOs, private firms, and youth in proposed project areas as well as at the central level. The purpose of these consultations, carried out by international and local consultants, were to discuss the proposed approaches and ensure that: (a) there was broad consensus on the need for the project, (b) identify where the project could build on the lessons of prior related programs or partner with ongoing activities, and (c) identify potential products and commercial activities that had good market potential and that young people would be interested in pursuing in the project areas. Reports from these consultations have been used to inform this ESMF.

In addition, during project implementation, a qualitative assessment will also be carried out through focus group discussions to examine the aspirations of women and men of various age groups, especially the most vulnerable. The said assessment would solicit the views of different youth groups on solutions and coping mechanisms, issues of cultural conflict and generational gap, as well as feedback on the training programs and how they can be improved.

9.2 Communication and Participation

As mentioned earlier, one of the possible risks associated with the project might arise from the fact that there are youth living in remote areas that would have limited access to information about the project, project training, and how they can participate. To address this issue, the PMU will develop a communication and information dissemination strategy to inform the youths in the dzongkhags about the project. In particular, the communication strategy will require the relevant dzongkhag authorities to inform the gewogs in their jurisdiction about the project and how youth may participate.

Another potential social risk associated with the project is its limited scope in comparison to the probable demand. This would certainly limit the number of youth that may benefit from the project, causing resentment on the part of youth living outside the project areas that will not directly benefit from the project, i.e., participate in the training and/or compete to obtain a grant. To help mitigate this risk, all publicity about the project will indicate that the existing project is envisaged as a pilot, and based on the success of this investment, there is potential for project funding to be extended to other dzongkhags in subsequent phases. In addition, the project will support training in life and general business skills in Thimphu that will be open to youth not living in the six project dzongkhags. This training, however, will not include the grants component.

9.3 Information Disclosure

With regards to disclosure, the ESMF will be cleared by the Bank and disclosed in the Bank's Info shop and also locally with translation of the summary into the local language. The following are details on the steps taken for disclosure.

Disclosure by the Government: The MoAF has disclosed the draft ESMF on its website on **XXX, 2015**. The Executive Summary of the ESMF has also been translated into local language and placed on the website. As and when these documents are updated, the revised versions would also be uploaded.

Disclosure by the World Bank at the Infoshop: The World Bank has disclosed the draft ESMF at the Infoshop on **XXX, 2015** for downloading and reference by interested parties.

10. Grievance Redress Mechanism

Bhutan has a robust grievance redress mechanism where there is a system in place to present all complaints to the Ministry of Home and Cultural Affairs, which then forwards the grievances to His Majesty's Secretariat for redress. Informal traditional dispute mechanisms, based primarily on negotiations between aggrieved parties and arrangements for community meetings to reach consensus on a satisfactory resolution, are also widely practiced. The project will rely on these existing systems for addressing grievances. However, to make the grievance redress procedures more systematic, aggrieved parties will follow the following steps:

- The complainant will submit a formal complaint to the Tshogpa of the Chiwog for consideration;
- If it cannot be resolved within the jurisdiction of the Tshogpa of the Chiwog, the case will be submitted to Gewog Tshogde (GT) which will call a public hearing;
- Where the complainant does not agree with the recommendation of the public hearing, s/he will have the opportunity to take the case to the Dzongkhag Administration for review and intervention.

In addition to the traditional mechanism, a Grievance Redress Committee will be established within the PMU comprising representatives from the MoAF and PAN to receive complaints unresolved through the aforementioned process.

Any appeals to the above mentioned committees will be recorded in a register, identifying the name of the aggrieved party, date of grievance registered, nature of grievance, and measures suggested to address the grievance, including referring resolution of the grievance to Grievance Redress Committee at MoAF PMU or RGOB for recourse. Besides this system, the complainant always has the option of filing his or her case in court at anytime so that it can be reviewed and settled.

World Bank Grievance Redress System

Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit www.worldbank.org/grs. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

11. Institutional and Implementation Arrangements

The project will be implemented through the existing government management system. The RGoB will establish an Independent Project Management Unit (PMU) within the MoAF that will be responsible for day-to-day administration and overall management of all project activities. Additionally, the PMU will also be responsible for the compliance of the ESMF under the project. It will: (i) review and approve the plans prepared for vulnerable youths, gender equality, and environmental management, by the youths; (ii) monitor and supervise the implementation of the plans; and (iii) provide necessary human resources and technical support for the same. Under the grant component, the PMU along with the Project Advisory Network (PAN) will also screen the grant application for social and environmental compliance measures. See Table 4 summarizes the social and environmental activities to be taken up during each phase of the sub-project cycle and institutional arrangement for implementation of each activity.


Ministry of Agriculture and Forests (MoAF): The MoAF has sufficient experience with World Bank funded projects like the RRCDP, including in the management of environmental and social safeguards, issuing environmental clearances, and carrying out periodic environmental compliance monitoring. Notably, the MoAF also emphasizes environmental and social safeguard issues in implementing various poverty alleviation programs under its aegis. Accordingly, the Project will follow a systematic process for evaluation and selection of YLEs in the selected project sites while the MoAF will support the PMU in ensuring capacity development and implementation support for the ESMF prepared as part of the project. In addition, specific capacity building, business development and marketing support will be provided through the individual consultancy activities financed by the project.

Potential Youths: YLEs will be eligible to compete for small business grants after completion of the capacity building and empowerment program, which is expected to take place during the first nine months of the project. The eligibility criteria will include (i) establishment of a legal entity, (ii) completion of mandatory training, (iii) involvement of an agreed minimum percentage of youth and women, (iv) submission of an acceptable business plan, (v) EMP attached to the grant proposal confirming minimal impact on the environment and associated mitigating plans for any risks, (vi) Gender Development Plan, and (vii) Vulnerable Youth Development Plan.

The Financial Management/Grant Administrator: PMU staff will carry out a preliminary review of proposed applications for grant support. Environmental and Social Screening format and the EMP, Vulnerable Youth Development Plan, and the Gender Development Plan will be the part of the application. The Environmental and Social Focal person in the PMU will review the application packet including EMP, Vulnerable Youth Development Plan, and the Gender Development Plan, if relevant, to determine eligibility of the grant proposal.

Dzongkhag Environmental Officer (DEO): Dzongkhag Environmental Officer (DEO) is a NECS cadre deputed to district. The DEC is responsible for issuing Environmental Clearance to the subproject/ activity mandated to the committee and for periodic compliance of the subproject to which it issue EC. As part of its regular activities, NECS has given general orientation to DEOs before sending them to districts. These orientations focus mainly on Bhutan's environmental requirements. In the JSDF, DEOs will visit the project sites and carry out compliance monitoring of the EMPs.

Table 4: Sub-project implementation phases and related safeguard activities

Youth Employments/ Subprojects/Activities	Environmental Safeguard	Responsibilities/ Institutional Arrangement
<u>Pre-planning:</u> Preparation of subproject proposals on livelihood	Review Negative Attribute and Categorization (Form A) <hr/> Environmental and Social Screening (ESS)- (Form B)  Preparation of EMP	Training of the Potential Youths on business development, environmental and social focal person <hr/> Screening format prepared by potential Youths/ YLEs
Planning (Appraisal and Selection of subprojects for funding)	Review ES and verify Environmental Mitigation Measures, Environmental and Social Code of Practices (ESCoPs), Health & Safety	Review by Financial Management/Grant Administrator, environmental focal person, and PAN
Implementation/ Operation	Compliance Monitoring Quarterly Progress Monitoring Environmental and Social Audit	Monitoring by beneficiaries, <u>Dzongkhag</u> Environmental Officer, Environmental focal person, PAN <hr/> Consultants for Audit
Reporting	Half Yearly Progress Report, Monitoring Report	Selected Youths

Project Advisory Network (PAN): The PMU will support the establishment of a Project Advisory Network (PAN) that will include representatives of relevant state agencies, educational institutions, NGOs, and the private sector. The objective of the PAN is to select the business proposals that will receive funding and then provide independent technical support and overall guidance to young entrepreneurs from the initial stage throughout the enterprise development and operation. The PAN will review and approve selected value chain/ business plans and small grant proposals submitted by Youth Led Enterprises (YLEs) after they are reviewed by the PMU to ensure that the proposal meets basic criteria, advise on branding and standards for local cooperative associations when they are established, provide advice and guidance on business opportunities, and assist in establishing an association of YLEs to ensure coordination of capacity building activities, exchange of experience, joint procurement, and brand marketing.

Environmental and Social Focal Person (ESFP): The ESMF requires regular supervision and monitoring of the impact of the project on the social and environment aspects. In order to carry out this function, the MoAF will need to internalize the Social and Environmental Safeguards Management processes, as this cannot be treated as stand-alone and parallel functions any

more. The arrangements for supervision and monitoring include appointment/ designation of an Environment and Social Focal Points at the PMU and vesting all the environment and social safeguards supervision and monitoring requirements with the respective official. Implementation of the provisions of ESMF will be new to the YLE and project staffs and hence several orientations and trainings are proposed as a part of this ESMF to build their capacity.

12. Supervision and Monitoring

The monitoring system for the Project as well as the ESMF includes internal and external monitoring. For internal monitoring, the MoAF will assign an Environmental and Social Focal Person (ESFP) in the PMU who will be responsible for implementing the ESMF and guiding and overseeing the implementation of the ESMF at field level. Further, the PMU will incorporate the provisions of this ESMF as actionable points in the Operations Manual and/or other similar documents prepared for the project. In addition, progress reports will be prepared on a regularly basis and submitted to the World Bank as part of the agreed progress report arrangements (see below). The specific activities to be undertaken by the ESFP will include:

- Regularly monitoring and review of the implementation progress of the ESMF
- Conducting periodic monitoring of social outcomes related to gender and vulnerability in the project;
- Collecting records of grievances, and follow-up to checks to ensure that appropriate actions have been undertaken and that the outcomes are satisfactory; and
- Prepare brief quarterly progress and compliance reports for the MoAF, external monitoring team, and the World Bank.

In terms of external monitoring, an independent evaluation, one at mid-term and the second one at the end of the project period, will be undertaken. Based on the results of the mid-term evaluation, the PMU will determine what steps, if any, may be required to improve social and environmental performance or maximize project benefits.

The PMU will plan and implement following environmental monitoring, supervision and audit program to ensure environmental and social sustainability of livelihood programs.

- Compliance monitoring
- Quarterly progress monitoring
- Third Party Environmental Review/Audit

Compliance Monitoring by Field Units: The Dzongkhag Environmental Officer, ESFP of the PMU or designated official will visit all the sub-projects at regular intervals to check if all safeguard requirements are met and to identify any issues that need to be addressed. The focal person will submit monthly progress reports on Safeguards Supervision and Monitoring to the PMU to report on the status of safeguards implementation and compliance.

The concurrent internal supervision and monitoring will be done as part of the regular monitoring. All responsible officials for livelihood programs will be trained on Environmental and Social Safeguards Management and they will ensure ESMF implementation at the field level.

The Youth Entrepreneurs will also be oriented on the ESMF requirements for each sub-project and made aware of the social and environmental requirements. A format for environmental and social compliance monitoring has been provided in Annex 6.

Quarterly Monitoring: The quarterly monitoring and evaluation will be done by the PMU. The Environmental and Social Focal person will visit the field on a regular basis. S/he will visit a sample of all category sub-projects, as decided by the PMU. The Focal Person will prepare appropriate formats for monitoring. MoAF will send half-yearly monitoring reports on the ESMF compliance to the World Bank.

Third Party Audit: the PMU will carry out an Social Environmental Review/Audit of the YLEs by an independent consultant at the MTR. A ToR for the Social and Environmental Review/Audit has been provided in Annex 7.

13. Training and Capacity Building

The youth groups targeted for this project need to have ample awareness, sensitivity, skills, and experience regarding the environmental and social aspects of sub-projects planning and implementation. For sustainability and seamless adaption of the environmental and social principles and safeguards by beneficiaries, awareness creation and capacity building becomes necessary. The capacity building and IEC strategy outlined as part of the ESMF aims at building environmental awareness and environmental management capacity in the project administration structure as well as in the intended target communities. Capacity building for environmental management will be integrated with overall capacity building component of the project.

13.1 Training Budget

The total estimated cost of training on environmental and social management under the proposed project is presented in the table below:

Table 5: Training Budget

S. No.	Training	Implementation Schedule	Indicative Cost in US\$
1	Preparation of specific environment and social training and awareness materials (lump sum)	December 2015	5000
2	One Day Training on the ESMF including Environmental Management Plan and Pest Management Plan for three batches of applicants (3 batches)	January - March 2016 January - February 2017 September – October 2018	10,000
3	External/ Third Party Independent Consultants for Environment and Social review Audit to be taken place before Mid-term		10,000
	Total		25,000

13.2 Comprehensive ESMF Review and Update

The MoAF will undertake one thorough/comprehensive review of the ESMF during the project period. Based on the review, the ESMF will be updated, if necessary. The MoAF will carry out this review and revision prior to the mid-term review by the World Bank. Any revision to this ESMF will have the concurrence of the World Bank.

Annex 1: Illustrative Activities for Generating Youth Employment in Sample Project Dzongkhags

Dzongkhags	Potential Enterprise Activities
Haa	<p>Community-Based Tourism Farm house/home stay operation and management Guide services Heritage village tours and related services (for example, Takchu Goenpa, Ha-Tey) Camp site operation and management on trekking routes Chef and local Cuisines Hospitality and cultural programs Antiques/handicrafts displays/showrooms Transportation services Captured Fishery Fishing Services</p> <p>Crafts Cane and bamboo crafts production and marketing in Gakiling Handloom weaving from yak wool and marketing</p> <p>Niche Agriculture Organic vegetable production and marketing, Vegetable seeds production and marketing development Backyard dairy and processing Medicinal herbs production and marketing development (grading, packaging, labeling) Briquette Production factory and marketing Fresh water bottling plant and marketing development Modern furniture house Value-addition (drying and packaging) of mushroom and marketing Apple pulping plant Aromatic processing unit Cardamom production and marketing (in Sombaykha and Gakiling)</p>
Wangdi	<p>Community-based Tourism Farm house/home stay operation and management Heritage village tours and related services (for example, Rinchengang, Langdraney, Khotokha, Galeykha) Guide services Campsite operation and management on trekking routes Chef and local cuisine Hospitality and cultural programs Antiques/handicrafts displays/showrooms Portering (transportation) services Organic vegetable production</p> <p>Crafts Improved bamboo craft works in Sephu and Athang</p> <p>Niche Agricultural Products Vegetable production and marketing Off season vegetable production (green house technology) Mushroom (shitake) production and marketing development Pickling (from round chili) and marketing development NTFP (medicinal herbs) processing and marketing development Dairy farming</p>
Chukha	<p>Community-Based Tourism Farm house/home stay operation and management</p>

Dzongkhags	Potential Enterprise Activities
	<p>Guide services Heritage village tours and related services (for example, Tapa Dramdey) Camp site operation and management on trekking Routes Chef and local Cuisines Hospitality and cultural programs.</p> <p>Crafts Bamboo plantation Bamboo treatment Unit Bamboo works such as bamboo houses/structures, and furniture Handloom weaving from sheep wool and marketing</p> <p>Niche Agricultural Products Cardamom production and marketing Dairy farming and setting up MPU Bee farming for honey production and marketing Mushroom (shitake) cultivation in higher altitude and oyster cultivation in lower alt.</p>
Samtse	<p>Community-based Tourism Market-based operation and management of <i>Hindu Bukay Dham Nye</i> by the CFMG. Heritage village tours and related services (for example, Lhops)</p> <p>Crafts Bamboo Plantation Bamboo treatment Unit Bamboo works, such as bamboo houses/structures, furniture, etc. Handloom weaving from sheep wool and marketing</p> <p>Niche Agricultural Products Cardamom production and marketing Areca nut plantation and processing Dairy farming and setting up MPU Goat and sheep farming (dairy) Cardamom nursery raising and supplying unit Organic vegetable production and marketing (with use of biogas plant by-products) Fabrication units</p>

Section Three: Determine EA Requirements of proposed YLE	Yes/No
3.1 Handicraft or cottage mills (EA excluded)	
3.2 Agriculture production, processing, and marketing	
3.3 livestock and poultry	
3.4 Tourism	
Remarks: Environmental and Social Screening (Form B) will not be required for YLE types that would fall under 3.1 as per RGoB legislation.	

Section Four: Social Impacts of the proposed YLE	Yes/No
4.1 Benefits to vulnerable youths	
4.2 Benefits to women	
4.3 Clearly defined consultation and communication strategy	
Remarks: Activities that seek to benefit women and other vulnerable youths identified in the ESMF will receive preference.	

Decision:	
<p>Section Five. Conclusion of the Environmental and Social Screening</p> <p>Sub-project specific social and environmental issues and concerns apparent during screening are:</p> <p>i.....</p> <p>ii.....</p> <p>iii.....</p> <p>iv.....</p>	<p>Decision: Tick (✓) the appropriate box</p> <p><input type="checkbox"/> Proposed YLE is not eligible because</p> <p><input type="checkbox"/> Eligible and requires Environmental and Social Screening (Fill out Form B)</p> <p><input type="checkbox"/> Eligible and no need for further environmental and social assessment</p>

Annex: 3: Form B: Environmental and Social Screening of Youth Led Enterprises

1. Project Description	
Sub-project Name:	
Name of the Applicant:	
Sub-project Location⁴:	
Village.....; Geog; and Dzongkhag.....	
2. Environmental Issues and Concerns	
<i>Potential environmental risks. Will the sub-project and/ or its activity likely to affect or be affected by the following.</i>	Yes/No
2.1 Would the proposed subproject result in the conversion or degradation of natural habitat or biodiversity corridor or a critical wildlife habitat?	
2.2 Does the subproject pass through or impact any known route of wildlife or wild bird movement?	
2.3 Would the proposed subprojects pose a risk of introducing invasive alien species?	
2.4 Would the proposed subproject pose risk that lead degrading soil, landslides and erosion prone areas?	
2.5 Does the project involve natural/primary forest harvesting or plantation development?	
2.6 Would the proposed subproject be susceptible to or lead to increased vulnerability to earthquakes, flood/river cutting, flooding to low lying area?	
2.7 Does the subproject pose risk to drying of water source/water bodies such as pond, Lakes, springs, drinking water sources?	
2.8 Does the subproject pose risk of disaster (such as from channel break, or from fire, or from landslides)?	
2.9 Will the proposed subproject involve the application of pesticides that have a known negative effect on the environment or human health?	
2.10 Is the proposed subproject likely to significantly affect the historical/religious/cultural sites?	
2.11 Will the proposed subproject significantly pose risk to aesthetically important places/landscapes	
2.12 Does the scheme's implementation increase the possibility of groundwater pollution?	

⁴ Attach: i) Topographical map 1:50,000, Google Image and sketch of the subproject area surroundings (at least 0.5 km around) with subproject location and environmental features, and ii) photographs of the environmental sensitive sites.

2.13 Does the scheme will generate any waste?	
2.14 Is there any waste management plan for the scheme if it generates waste? (please include the waste management plan)	
2.15 Is there any chance of increase public health problem by throwing waste into open water bodies?	
2.16 Will the proposed subproject result in increased health risks as a result of air and dust pollution in the project/subproject area?	
2.17 Is there any chance of tree cutting by the implementation of the scheme? (if yes than please specify the number of three cutting)	
3. Social Issues and Concerns	
<i>Potential social risks and benefits. Will the sub-project and/ or its activity likely to affect or be affected by the following.</i>	Yes/No
3.1 Will the proposed subprojects have adverse social impact on vulnerable youths?	
3.2 Is the proposed subproject likely to directly or indirectly increase social inequalities now or in the future?	
3.3 Is the proposed subproject likely to negatively affect the income levels or employment opportunities of vulnerable youths?	
3.4 Does the enterprise have representatives from vulnerable youths in managerial/staff/decision-making levels?	
3.5 Is the proposed subproject likely to increase gender inequality?	
3.6 Would the proposed subproject exclude women in employment opportunities?	
3.7 Does the enterprise have women in managerial/staff/decision-making levels?	
3.8 Does the sub-project seek to benefit/provide employment opportunities for women and others from vulnerable youths?	
3.9 Does the subproject need to acquire lands, houses or other properties of the people for its improvement?	
3.10 Would the proposed sub project result in substantial voluntary or involuntary resettlement of populations?	
3.11 Does the subproject implementation lead to loss of agriculture lands, private property and local community infrastructures?	
3.12 Would the proposed subproject lead to displacement of poor households and deprive their traditional rights on land and natural resources?	
3.13 Is the proposed subproject likely to significantly affect land tenure arrangements and/or traditional cultural ownership patterns?	
3.14 Does the sub-project have adequate and effective strategy for consultation and information dissemination?	

Negative Impacts	
For any negative impacts identified above, please summarize the impacts:	Suggest Mitigation Measures

Positive Impacts	
For any positive impacts identified above, please summarize the impacts:	Suggest Enhancement Measures

ENVIRONMENTAL MANAGEMENT PLAN

Environmental issues/ problems	Mitigation/ enhancement measures/ ESCoPs	Implementation Schedule	Monitoring Plan (timing/ frequency)	Cost	Responsibility

VULNERABLE YOUTH DEVELOPMENT PLAN

Issues/ Problems concerning Vulnerable Youths	Mitigation/ enhancement measures/ ESCoPs	Implementation Schedule	Monitoring Plan (timing/ frequency)	Cost	Responsibility

GENDER DEVELOPMENT PLAN

Gender-Related Issues/ Problems	Mitigation/ enhancement measures/ ESCoPs	Implementation Schedule	Monitoring Plan (timing/ frequency)	Cost	Responsibility

Environmental and Social Screening prepared by:	Competent Authority for the subproject is NEC or PPD MoAF, or
Name:	Reviewed and endorsed by (PMU):
Signature	Name:
Date	Signature:
Approved by (Competent authority):	Date:
Name and organization	
Signature:	
Date:	

Annex 4: Code of Conduct (ESCoP) for Trekking and Camp Sites

ESCoP - TREKKING

Conserve Natural and Cultural Heritage

- Do not trample high altitude vegetation, do not pick any flowers or medical plants
- Do not disturb wildlife and its habitat
- Do not allow clients to purchase endangered animal parts or antique cultural artifacts
- Support local conservation efforts
- Avoid use of fuel wood. Use alternative fuels such as kerosene, and LPG for all cooking, heating and lighting purposes
- Discourage campfires, encourage camp fun
- Follow safety rules when carrying, storing and using kerosene and gas

Leave All Camps and Trails Clean

- Separate and properly dispose off litter. Burn inflammables, bury biodegradables, and carry out all other non-biodegradable materials for deposit at designated trash sites or for recycling
- Use toilet tents on all treks. Set up and use toilets tents at least 100 m away from water bodies to avoid water pollution
- Use established campsites and kitchen sites, avoid trenching around tents.

Practice Conservation

- Avoid fuel-consumptive menu items, e.g. baked foods and large menu selections
- Re-package food into reusable plastic containers to reduce waste

Practice Proper Hygiene and Sanitation

- Teach all staff personal hygiene and ensure sanitary kitchen and camp routines
- Treat drinking water and uncooked vegetables for clients properly
- Dispose off washing and bathing water well away from streams and use biodegradable soap
- Provide adequate warm clothing, sleeping covers, shoes, snow gear, food, stoves, and fuel for the staff and porters
- Periodically train staff in first aid, guiding and sanitation etc.
- Address cultural “do’s” and “don’ts,” environmentally friendly behavior, and safety precautions, proper dress codes and respect for local beliefs and peoples and religious sites
- Plan days for proper altitude acclimatization when ascending. Know how to identify and treat high altitude illness and how to provide emergency rescue
- Ensure access to proper hygiene for women

Seek to promote social benefits

- Support local development and income generation activities; buy local goods and handicrafts to supplement the community's income.
- Take responsibility for staff and porter welfare
- Respect local culture and customs

- Endorse zero-tolerance policy for sexual harassment and other forms of gender-based violence
- Express interest in local customs, beliefs, languages, traditional clothing, etc. to foster cultural pride.

ESCoP – CAMPSITE

- All visitors should only use designated campsites approved by the DoT, the NCD, or the Dzongkhag/ Geog
- No local fuel wood should be used for cooking and bonfires
- If toilets are not provided, holes must be dug in designated areas and not randomly. This is required for sanitation reasons as well as to maintain the Campsite
- If kitchen huts are not provided at the campsite, then kitchen tents should be pitched in designated areas, away from the main tenting area. This is required in case of fire and also for hygiene
- All biodegradable waste should be disposed off in a general waste pit, and non biodegradable waste should be carried out
- Loud music and noise should be restricted to acceptable levels in consideration to fellow campers and wild life
- The water source is sacred and pollution is strictly prohibited. The use of detergent and chemical related substances should be kept at a minimum so as to protect downstream users
- Animals used for transport should be segregated and kept in designated areas so as to protect campers and equipment
- Surrounding plants and flowers must not be disturbed so as to preserve the aesthetics of the local environment and landscape
- Visitors must respect the customs and beliefs of the people in the area
- Any form of sexual harassment or abuses should be prohibited.

Annex 5: List of Approved Trekking Routes

Sl.	# NAME OF THE TREK	APPROVED ROUTE
1	Gangtey Winter Trek	Gangteygonpa, Gogona, Khotokha, W/Phodrang
2	Laya/Gasa Trek	Shana, Soi Thangthangka, Jangothang, Lingshi, Chebisa, Shomuthang, Roubluthang, Lemithang, Laya, Koena, Gasa, Tamji, Tashithang
3	Bumthang Cultural Trek	Nganglhakhang, Ugyencholing, Bumthang
4	Wild East Rodungla Trek	Nganglhakhang, Ugyencholing, Phokphey, Ungaar, Taskila, Tangmachhu.Minji, Pemi, Taupang, Trashiyangtse
5	Punakha Winter Trek	Shong Pang, Dosphing Pang, Chorten Ningpo, Zomling Thang, Limukha, Chungsakha, W/Phodrang
6	Samtengang Winter Trek	Khuruthang, Limukha, Changsakha, Samtengang, Wangdi Phodrang
7	Druk Path	Jele Dzong, Jimelangtso, Simkota, Phajoding, Thimphu
8	Dagala Thousand Lakes Trek	Telekha, Japhuna, Jadula, Labatama, Genekha, Thimphu
9	Chilila Nature Trek	Chonana, Jebkarpo, Lower Mingula, Thong, Thimphu
10	Chomolhari Trek # 1	Shana, Soi Thangthangka, Jangothang, Soi Yaksa, Thombushong, Shana
11	Chololhari Trek # 2	Shana, Soi Thangthangka, Jangothang, Lingshi, Shodu, Barshong, Dolom Kencho, Thimphu
12	Lunana Snowmen Trek	Shana, Soi Thangthangka, Jangothang, Lingshi, Chebisa, Shomuthang, Roubluthang, Laya, Roduphu, Narithang, Tarina, Woche, Lhedi, Thanza, Tshochena, Jichu Dramo, Chukarpo, Tampetso, Maorothang, Nikka Chu
13	Dur Spring Trek	Gorsum, Lungsum, Tshochenchen, Dur Tsachu (back) Tshochenchen, Gorsum, Bumthang

Annex 6: Environmental and Social Compliance Monitoring

Part A: General Description

Monitoring date: _____

i) Name of the subproject:.....

ii) Completion status: completed implementation/in progress

iii) Location:.....

Part B: Compliance Monitoring

1. Has the subproject conducted an ESS Yes No N/A
2. Is there any Environmental Management Plan (EMP) Yes No
3. Is there any Gender Development Plan (GDP) Yes No
4. Is there any Vulnerable Youth Development Plan (VCDP) Yes No
5. Have the EMP, GDP and VYDP been shared with local community Yes No
6. Did the project obtain any clearance from the local community / local authority
7. Implementation of EMP

Specific environmental problems/ issues	Suggested mitigation/ enhancement measures	Implementation status of EMP (Completed, In Progress, Not Done)	Environmental problem mitigation status (Mitigated, Partially Mitigated, Not Mitigated)	Suggest additional mitigation measures (if needed)

8. Implementation of GDP

Specific gender-related problems/ issues	Suggested mitigation/ enhancement measures	Implementation status of GDP (Completed, In Progress, Not Done)	Gender-related problem mitigation status (Mitigated, Partially Mitigated, Not Mitigated)	Suggest additional mitigation measures (if needed)

9. Implementation of VCDP

Specific problems/ issues relating to vulnerable youths	Suggested mitigation/ enhancement measures	Implementation status of VYDP (Completed, In Progress, Not Done)	Problem mitigation status (Mitigated, Partially Mitigated, Not Mitigated)	Suggest additional mitigation measures (if needed)

Summary of the observations:

Prepared by (Name, Designation, Signature, Date): _____

Reviewed and Approved by (Name, Designation, Signature, Date): _____

Annex 7: List of Permissible Pesticides in Bhutan

Insecticide

1. Chlopyrifos 20 EC
2. Cypermethrin 10E
3. Dimethoate 30EC
4. Fevelerate 0.4D
5. Malathion 5D
6. Malathion 50 EC

Fungicide

1. Carboxin 75WP
2. Captan 50WP
3. Carbendazin 50WP
4. Copper Oxychloride 50WP
5. Hexaconazole 5EC
6. Mancozeb 75WP
7. Metalaxyl 8%
8. Propiconazole 25 EC
9. Sulfur 80WP
10. Tricylazole 25 WP

Herbicide

1. Glyphosate 41 SL
2. Metribuzin 70WP

Rodenticides

1. Zinc Phosphate 80W/W

Acaricides

1. Dicofol 18.5 EC

Non Toxic

1. Sticker/spreader (sandovit)
2. Tree spray oil (TSO)

Bio- pesticide

1. Trichoderma viride

Source: National Plant Protection Center, Department of Agriculture, MOAF, Thimphu

Annex 8: Terms of Reference for External Environmental and Social Audit

Objectives:

Objectives of external audit are to verify/check the following:

- To check the compliance with the system and procedures detailed in the Environmental and Social Management Framework.
- To check the quality of the design, implementation and effectiveness of the Sub-project Environmental Management Plans (EMPs), Gender Development Plans (GDPs), and Vulnerable Youth Development Plans (VYDPs).
- To assess the effectiveness of the project's environmental and social monitoring.
- To assess the effectiveness of the capacity building initiatives on environmental and social management.

Scope:

The scope of the audit will include all sub-projects. It will also cover the various activities supported under the Project including trainings, capacity building, institutional strengthening, and other forms of support to the youths.

Frequency:

External audit will be carried out prior to the mid-term review. The audit will include both field visits as well as a desk review. The external audit will be done by a technically competent agency appointed by the PMU for the project as a whole.

Methodology:

- Desk review: The desk review will focus on reviewing available documents and data with reference to the aforementioned objectives and selected indicators. For safeguards compliance, the audit will ensure that the negative list was fully complied with.
- Field visits: Site visits and field level consultations will be organized for a sample of sub-projects to check: (a) the quality of the design, implementation, and effectiveness of the Sub-project Environmental Management Plans, Gender Development Plans, and Vulnerable Youth Development Plans, and, (b) to check the quality of implementation and effectiveness of the environmental and social mitigation and enhancement measures.

The sample will cover 70% of sub-projects requiring screening and assessments; and 30% of sub-projects that are categorically excluded from screening and assessments. The sample will be representative in terms of the nature of the activities supported and will include agriculture, livestock, fisheries, and village development infrastructure interventions.

Report of Audit:

A detailed report of the external audit must be submitted to the PMU for action. The report must include the following:

- Description of methodology including details of sampling
- Review of the following (implementation and issues):
 - Effectiveness of the system and procedures in identifying issues and implementing appropriate mitigation measures.
 - Institutional arrangements for implementation of the EMP, GDP and VCDP.
 - Capacity building on the EMP, VCDP and GDP.
- Overall social and environmental performance of the Project with respect to identified performance indicators.
- Recommendations for strengthening the environmental and social management system.
- Individual reports on the field visits undertaken.