



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

Concept Stage | Date Prepared/Updated: 28-Sep-2018 | Report No: PIDISDSC21150



BASIC INFORMATION

A. Basic Project Data

| | | | |
|--|--|--|---|
| Country Nepal | Project ID P160696 | Parent Project ID (if any) | Project Name Accelerating Inclusive Jobs Growth for Youth in Nepal (P160696) |
| Region SOUTH ASIA | Estimated Appraisal Date Dec 03, 2018 | Estimated Board Date Mar 21, 2019 | Practice Area (Lead) Social Protection & Labor |
| Financing Instrument Investment Project Financing | Borrower(s) Ministry of Finance | Implementing Agency Ministry of Labor, Employment and Social Security | |

Proposed Development Objective(s)

To create quality jobs and enhance labor market outcomes for youth.

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

| | |
|---------------------------|--------|
| Total Project Cost | 150.00 |
| Total Financing | 150.00 |
| of which IBRD/IDA | 150.00 |
| Financing Gap | 0.00 |

DETAILS

World Bank Group Financing

| | |
|---|--------|
| International Development Association (IDA) | 150.00 |
| IDA Credit | 150.00 |

Environmental Assessment Category
B - Partial Assessment

Concept Review Decision
Track I-The review did authorize the preparation to continue



Other Decision (as needed)

B. Introduction and Context

Country Context

Nepal's has recorded rapid poverty reduction in recent times. A low-income country (LIC) with a population of nearly 30 million and per capita income of US \$730 in 2014, Nepal in recent years has registered slow growth coupled with a protracted civil conflict and natural catastrophes such as the 2015 earthquake. Since the Comprehensive Peace Agreement of 2006 there have been advances with the reconstruction of the state, leading to agreement on a new structure of regional authorities. The modernization of the economy has been limited and growth has been slow, compared with other countries in South Asia. Nevertheless, Nepal has registered significant poverty reduction, cutting the poverty headcount rate from 45% to 15% in a twenty-year period; and has also greatly improved its human development indicators.

The paradox of fast poverty reduction in spite of slow growth is largely explained by high rates of migration and remittances. Given the shortage of good jobs in the domestic economy, young Nepali men – often from rural backgrounds and with limited education - have sought work abroad, mainly in India, Malaysia or the Gulf States. Between 2001 and 2011, the share of the male working age population¹ abroad doubled (from 8 to 16 percent),² mostly due to young men leaving to work in Malaysia and the Gulf States, while migrant remittances were estimated at close to 30% of GDP in 2015. The lack of jobs opportunities appears to be a principal motivation for migration: dissatisfaction of Nepali youth with the availability and quality of domestic job opportunities is much more marked than for neighboring Bangladesh and other migrant sending countries in East Asia.

Domestic jobs growth is constrained by multiple factors. Private business investment is relatively low, averaging 18 per cent of GDP between 2007-2015. This reflects multiple market and policy failures, including competitiveness and business climate challenges; financial sector weaknesses; a weak supporting environment for entrepreneurship; and significant infrastructure gaps.

Migration has helped to reduce poverty, but migration alone will not solve Nepal's development challenges. Migration to the Gulf and Malaysia explains around 40 percent of the decline in poverty from 2001 to 2011.³ However, since 2011 the net flow of migrants has turned negative, with more workers returning than leaving. So the country urgently needs policies and programs to ensure that it gains as much as possible from migration, while at the same time creating more good jobs at home. Spurring domestic job creation on a sufficient scale to provide an alternative to migration in the medium term will require substantial investment in labor-intensive economic activities with sufficiently high productivity. Nepal will also need to help returnee migrants to reintegrate into the domestic economy, putting the skills and capital they accumulated overseas to productive use.

¹ The working age population is age 15 to 64

² Shrestha (2017), based on census data. "The impact of large-scale migration on poverty, expenditures, and labor market outcomes in Nepal" Background paper for WBG Systematic Country Diagnostic for Nepal.

³ Shrestha 2017



The transition to federalism may offer additional employment opportunities. In March 2017, about 3400 Village Development Councils were consolidated into 753 local government units. This was followed by the first local level elections in twenty years. In addition to the local elections, the constitution calls for provincial and parliamentary elections which will be completed by early December 2017. The emergence of local government units in Nepal with authority to manage resources carries important implications for service delivery and for fostering a transparent and inclusive path to development. As Nepal overhauls its government structure, civil servants' roles and responsibilities and fiscal management, it is likely that local governments will face challenges to hire adequate human resources.

Sectoral and Institutional Context

Nepal's labor force remains overwhelmingly rural and informal. Per the latest available Labor Force Survey (LFS 2008), over 80 percent of the population lives in rural areas and over 70 percent of Nepal's jobs are in agriculture. Only 17 percent of the labor force had *wage jobs* (13 percent of them in the private sector and 4 percent in the public sector). Wage employment is concentrated in urban areas. Some 35 percent of jobs are in *self-employment*; and fully 46 percent are *unpaid family jobs*. Unpaid family jobs account for 57 percent of all agricultural jobs and are especially common among youth and females. But rural self-employment is not limited to agriculture - it also includes a growing number of jobs in non-farm sectors

Nepal's emerging demographic transition will reduce the dependency ratio steadily up to 2030. This shifting age structure offers the possibility of a significant "demographic dividend", if the emerging workforce can be channeled into more productive jobs. The labor force is growing by around 400,000 a year. Most young people with jobs work in low productivity informal self-employment.

Limited structural transformation is a key factor underlying disappointing domestic jobs outcomes and the sustained outmigration of young men. Poor infrastructure, low private investment and inadequate human capital accumulation are reflected in the weak performance of agriculture, industry and services.⁴ The share of industrial jobs has been flat at 11 percent for the past two decades and there is limited growth of high productivity services jobs. This has resulted in slow demand growth for higher-productivity work in urban labor markets, in general, leading in turn to under-employment among the relatively well-educated cohort of youth who are now graduating from the education system. So in urban areas, interventions to raise labor demand in higher-productivity activities in industry and services are a priority, as is supporting job search and matching processes for workers. To improve rural jobs outcomes, as well as increasing labor demand in more productive activities (including, but not limited to, agriculture and agribusiness), there is also a need to address the gender-specific opportunities that arise from male out-migration.

Small and medium enterprises (SMEs) have high potential to create jobs and raise productivity and earnings for young people, but they face major challenges. In many countries, young, growth-oriented companies contribute significantly to net employment growth and help enhance competitiveness and productivity by introducing new products, developing new business models and opening new markets. In Nepal, SMEs constitute 90 percent of firms, 76 percent of employment and 49 percent of value-added, so they are key to the economy's potential for job creation and productivity growth. However, they face many obstacles. The regulatory environment is challenging: Nepal ranks 105th overall among 190 countries in the 2018 Doing Business survey, and 109th on the ease of starting a business. Many SMEs lack marketing knowledge, access to appropriate technology, value chain integration, certification and networks and access to affordable finance. They also face problems recruiting and retaining workers. To support the development of SMEs and promote youth entrepreneurship, the Government has established a Startup Ecosystem Development Committee. Regulatory provisions to increase their minimum capital have increased banks' liquidity, which has encouraged them to look for new

⁴ Transport logistics and electricity supply are particularly important infrastructure challenges (MCC, 2014)



lending opportunities with SMEs. But high transactions costs and limited equity make it difficult for banks to lend to SMEs, limiting their ability to scale up operations to create more and better jobs.

Although the innovation and entrepreneurship ecosystem in Nepal has grown significantly in last few years, much more can be accomplished to improve the foundations of the ecosystem and expand programming that supports entrepreneurs as they scale their operations to create more and better jobs. The first wave of early stage investors have entered the market with nine venture capitalists (VCs) and private equity (PE) funds currently scoping but struggling to identify sufficient deal flow of investment-ready enterprises. An early stage pool of ecosystem builders like incubators, accelerators, shared space, event organizers, consulting services on legal and accounting are offering services to strengthen SMEs' investability. These ecosystem support network, although in its infancy, comprises dedicated champions of entrepreneurship. Yet, the network lacks coordination, scale and capacity to provide a holistic solution to SMEs to expand and create jobs. The ecosystem is not currently able to generate a large number of growth-oriented SMEs.

Nepal also faces challenges in labor supply and labor market intermediation. Youth entering the labor market today have higher educational attainment than the older generation and often aspire to wage jobs outside agriculture.⁵ But because such jobs are scarce, school to work transitions are slow, with 30 percent of women and 15 percent of men in the 16 to 24 age group neither working nor in school. The share of rural women aged 16 to 34 who are not in employment, education or training (NEET) increased by 20 percentage points between 2003/4 and 2010/11. In the same period, the proportion of women with wage jobs declined while the share in self-employment increased significantly.⁶

Nepal's labor intermediation services are limited in scope, and especially so for workers with low educational attainment. The Department of Labor operates a limited number of Employment Service Centers (ESCs). There are also a small number of private intermediation services, including MeroJobs, which works primarily with more skilled workers who are likely to get formal jobs, and its sister company Rojgari Pasal, which focuses primarily on less skilled workers. But neither the public nor the private model has been successful in placing low- and semi- skilled workers, due to the inability to attract the necessary pool of potential employees and employers. Instead, informal networks predominate in the identification of work opportunities and potential recruits, which is generally disadvantageous to workers from low-income households and also leads to sub optimal outcomes for employers. In rural areas (which have almost 80% of the population), the availability of intermediation services is low and they rarely address the social constraints that women face to accessing paid employment in Nepal.

The complex set of jobs challenges in Nepal calls for integrated interventions to increase the demand and the supply of labor for higher productivity jobs. The Government – with support from donors including the WBG - has developed programs to address some of the most important market and policy failures that are relevant to slow economic growth, such as infrastructure gaps and capital market failures (especially those affecting SMEs). It is also addressing sector-specific challenges in agriculture and industry and is tackling regulatory issues in the labor market through reforms to the labor code, to reduce politicized strike activity and make it easier to dismiss workers. There is also a raft of programs in place to

⁵ World Bank. "Understanding the Labor Market Decisions and Outcomes of Nepal's Young Adults." 2017.

⁶ WBG staff calculations based on census 2001 and 2011.



support training, including the WBG's EVENT project⁷, which address some of the market failures linked to externalities in training markets.⁸

However, other market failures linked to Nepal's slow jobs structural transformations may also need to be addressed.

In many LICs, structural transformation (the shift of labor into higher productivity jobs) is undermined by market failures, which are linked to two types of jobs-related externalities⁹. First, profit maximizing firms will not weigh workers' earnings gains when deciding on investments. The increase in workers' earnings is a *labor externality*¹⁰. Firms will cost labor at the market rate, and not at the economic opportunity cost of labor employed in undercapitalized, informal activities. So, from a social perspective, the pattern of investment will be sub optimal. Resources will tend to be allocated to relatively capital intensive projects which facilitate relatively few jobs transformations. Since improving the earnings of low-income workers is a key goal of public policy, there is a case for corrective interventions to "internalize" labor externalities.

When the worker belongs to a vulnerable group; is a woman; or is a young person there may also be *social externalities* to consider – that is, public goods linked to jobs, that benefit society in general.

This is particularly important in countries such as Nepal, that face high levels of fragility and exclusion. When there is a social preference for eliminating poverty, policy makers might value jobs and incomes for poor people above the private market value. The creation of jobs for young women may help to empower them to avoid early family formation and to increase household investments in children's development (because female control of income can shift the household's preference function). Where there are risks of youth drifting into criminality or political radicalization, jobs for young men may reinforce social cohesion. Youth who have a job also learn-by-doing, building human capital and making other workers more productive. This set of issues was flagged in the 2013 Jobs World Development Report, where jobs that generate social externalities were given as an example of "good jobs for development" (World Bank, 2013, page 20).

In summary, Nepal is challenged not only by insufficient growth, but also by a pattern of growth that is insufficiently labor intensive, from a public policy standpoint. This also undermines the effectiveness of training programs focused on improving labor supply because (absent investment by firms in expanding their businesses) trainees can find it hard to get a sustainable job; or they might simply replace someone else who has inferior training.

The Government of Nepal (GoN)'s 14th Development Plan (2015-18) recognizes the centrality of jobs challenges. It sets out ambitious goals to graduate from LIC status by 2022, to achieve the 2030 United Nations Sustainable Development Goals, and become a middle-income country by 2030. The GoN realizes that achieving these goals will require a shift in the pattern of development, to accelerate the creation of better quality jobs, especially for young people, women and excluded groups, by supporting productivity transitions across all the major sectors of the economy. For that reason, job creation and youth employment are central themes in the 14th Development Plan, which sets an ambitious target of creating 400,000 jobs a year.

⁷ EVENT 2 (a \$60 million IDA loan) is expected to reach effectiveness in December 2017. It covers 70 districts (out of 75 in Nepal), providing funding for private training providers, focused on youth aged 16 to 40. The goal is to reach 115,000 trainees at a cost per trainee of approximately \$500. The funding will be disbursed to the Government through DLIs, which will link to the performance incentives for the training providers themselves. The Operation will also finance two pilot studies: one of an apprenticeship scheme to offer On the Job Training (OJT) in collaboration with District Chambers of Commerce in agribusiness, tourism, construction and hospitality; and a pilot to study the effectiveness of jobs placement services that are not linked to training.

⁸ . Firms are unlikely to invest enough in training, because the gains go to the worker and/or to other firms that might hire them away (free riding). Low income workers cannot finance their own training and they often lack information about the likely earnings gains.

⁹ Robalino and Walker (2017). Guidance Note on the Economic Analysis of Jobs Investment Projects. Jobs Group, The World Bank.

¹⁰ Jenkins and Harberger (2011), Chapter xx



To meet this challenge, Nepal needs an integrated set of supply side and demand side interventions to improve youth jobs outcomes, anchored in a robust set of goals and indicators. The GoN has several initiatives underway to address aspects of the youth jobs agenda¹¹. However, these initiatives are fragmented, and the available evidence suggests an uneven pattern of effectiveness. On the *labor supply* side, although strong advances have been made with market oriented vocational training programs such as EVENT, there is no systematic approach to supporting young women and men as they enter the labor market to make the best choices about where to work or what additional skills to attain. Nor is there a sufficiently strong emphasis on intermediation between workers from disadvantaged backgrounds and potential employers. On the *labor demand* side, there are no interventions that focus clearly on correcting the market failures linked to job creation – specifically, labor externalities and jobs social externalities¹². The ***Accelerating Inclusive Jobs Growth in Nepal Project (AIJOG)*** will help to address those gaps.

Relationship to CPF

The SCD has been prepared, that identifies encouraging private sector investment to create more and better jobs as a key priority for Nepal. This will be followed by a new CPF during FY18. The AIJOG team has provided extensive inputs to the SCD on the jobs and migration agendas. Improving jobs outcomes is emerging as a central challenge identified in the preliminary SCD document and is consistent with the motivation of the AIJOG project as presented in this CN. The SCD is informed by recent analytical work done by WBG teams, including the Country Economic Memorandum, the Understanding Labor Market Outcomes and Decisions of Nepal’s Young Adults Economic and Sector Work ESW, and Trade Policy Notes, all of which also contribute directly to the motivation for the AIJOG project. Together with other jobs-relevant activities in the Country Program, it will also be integrated into the proposed Jobs Platform and supported by additional activities financed under the proposed Non-Lending Technical Assistance (NLTA).

C. Proposed Development Objective(s)

To create quality jobs and enhance labor market outcomes for youth.

Key Results (From PCN)

- (a) Number of youth (disaggregated by gender) provided with employment services through the project.
- (b) Number and percent of youth (disaggregated by gender) supported by the project who take up a training, fellowship, or employment opportunity within six months of registration
- (c) Number of (direct and indirect) sustainable jobs created by firms supported by the project

D. Concept Description

¹¹ The relevant programs are as follows: (a) The Ministry of Finance has created a Youth Self Employment Fund that offers loans to SMEs; (b) The Ministry of Industry has initiated a Startup Ecosystem Development Committee to promote entrepreneurship; (c) the Ministry of Agriculture has launched an Innovation and Agro-entrepreneurship program, based on agribusiness incubators, matching grants and tax incentives; (d) The Ministry of Education has expanded its demand-linked Technical and Vocational Education and Training (TVET) programs; (e) The Ministry of Labor and Employment has developed programs to manage migration (through the Department of Foreign Employment); and has established employment offices to improve youth labor market insertion in the domestic economy; (f) The Ministry of Youth and Sport is establishing a network of Youth Councils which highlight the importance of jobs and enterprise development; and (g) the Ministry of Cooperatives and Poverty Alleviation has supported subsistence entrepreneurs in highly disadvantaged communities.

¹²Robalino, David and Ian Walker (2017). Economic Analysis of Jobs Investment Projects. Jobs Group, The World Bank



Potential Project Activities: The Project will support complementary labor demand and supply side interventions, linked to clearly-defined jobs impacts. The Project has three proposed components, as follows.

Component 1: Employment Services and Systems

The objective of this component is to bring a systematic approach to the provision and management of employment services. This component consists of two sub-components: the first one focused on provision of employment services and the second focused on establishing an employment information system. This component will finance employment service provision, establishment, operation and maintenance of information systems, upgrades of Employment Service Centers, and capacity building activities.

Component 1a: Employment Services

The component will support the Government to build an effective and streamlined system of employment service provision. The minimal set of services include registration of jobseekers and unemployed into a national database, assessment and profiling of their skills and aspirations, and information and counseling to match them to appropriate skilling or employment opportunities, including those offered under the PMEP. Specialized services to support women and disadvantaged groups will also be needed. The system will include both online and in-person services in targeted locations for youth jobseekers and employers. The mission emphasized the need to coordinate closely with the PMEP to align with the employment service system, for example by using Employment Service Centers (ESCs) operated by Local Governments (LGs) to conduct intake to PMEP and by using the EIS to track outcomes of PMEP participants.

Component 1b: Employment Information Systems

Online services will be provided through an e-Employment Service Platform, which will include registration and job listings. It could also offer additional functionalities such as online training and support for jobseekers. For online services, it was agreed that the e-Employment Service Platform would build upon the Ministry's existing Jobs Portal. In terms of results monitoring, there was agreement on the need to track not just placements of jobseekers but also their labor market outcomes including retention and earnings.

The sub-component will support the development of a robust Employment Information System (EIS) which aggregates information on employment across sectors and regions. The EIS will include the national database of unemployed, jobseekers and will record outcomes of registered jobseekers after receiving employment services. The EIS will be designed to flexibly allow inter-operability and/or data sharing with additional programs and services over time.

Component 2: Jobs Creation.

This component will support job creation opportunities in the public and private sector.

Component 2a: Public sector jobs

This sub-component will support the creation of temporary job opportunities in the public sector under the Prime Minister's Employment Program (PMEP). The objective of the component is to provide short-term employment



opportunities to create domestic opportunities for the poor and unemployed to smooth household consumption, improve productivity and future employability, and build sustainable community assets. It will provide unemployed individuals registered at the Employment Service Center with 100 days of work which could consist of (a) days of work on small infrastructure or maintenance of community assets, and (b) days of work in providing public services [schools, health posts, etc.]. The component will also include on the job training and coaching or training for provision of public services like child care. The training aspect will help build individual's capacity to work on the works and increase employability.

The selected infrastructure projects under this sub-component will consist of labor-intensive small-scale infrastructure and works aimed to: (a) to reduce constraints to job creation at the local level, and (b) to promote household and community resilience to shocks. Specific project will be identified at the local level and should be part of the annual municipal plan of activities across sectors. A menu of acceptable projects/activities will be defined which is expected to include the following: agriculture and natural resources management projects, construction and/or maintenance of community assets, waste and sanitation management projects, social infrastructure and provision of social services. The training aspect will help build individual's capacity to work on the works and increase employability, and activities will take gender specificities into consideration.

This sub-component will be implemented by the local governments within the policy and framework defined by MOLESS, and the Local Government Operation Act. This subcomponent will finance wages, inputs costs for infrastructure, cash transfer for those when jobs cannot be provided, and other costs to ensure quality assurances of the works. The type of activities and locations are to be determined.

Component 2b: Private Sector jobs

The objective of this sub-component is to generate better jobs by accelerating investment in growth-oriented businesses. The project will incentivize private sector [firms of all sizes] to create more jobs, as they are the likely source for longer term sustainable job creation in Nepal. It will offer an integrated package of technical and financial assistance to firms with credible expansion plans to create sustainable jobs and enhance earnings for low-income workers. There will be a ceiling on the amount of grant per firm, and on the proportion of total financing needs covered by the program.

(a) Jobs-linked grants to support firms' expansion plans. The grants will help firms to implement expansion plans which improve productivity and create new direct and indirect jobs. The Fund will be allocated competitively, based on: (i) the estimated value of the jobs externalities associated with the investment; and (ii) the grant amount requested. The grants will help to mitigate the risks of the expansion plans and thus leverage additional investment by helping firms to access commercial financing from banks, private equity funds, angel investors, and others.

(b) Technical Assistance. The subcomponent will support beneficiary firms to develop expansion plans acceptable to financial institutions, and to implement their plans by improving their managerial capacity, production efficiency, technology, corporate governance, legal and statutory compliance, financial management, team capability and market linkages. Technical assistance will also be provided to agencies who contribute to SME competitiveness. This will include (i) supporting growth-oriented firms with high employment potential by leveraging existing local initiatives; (ii) addressing gaps in the support services. Beneficiaries are private sector firms in Nepal, SMEs, corporates, as well as support agencies such as accelerators and boot camp providers.



It is expected that component 2.2 will be implemented through a series of challenge competitions, open to firms with expansion plans that will plausibly generate additional permanent jobs. It will be administered by one or more private entities, contracted by the GoN. It is expected to organize separate calls for proposals for different industries or regions, to achieve greater homogeneity in the sets of proposals and facilitate their evaluation; and it may vary some aspects of the rules - such as allowable ceilings - between rounds. The allocation of support from the Fund will be competitive, will only be made available to SMEs that meet the eligibility criteria for Technical Assistance, and that have a clear, expressed demand from the market, commercial investor's interest and a clear action plan for upgrading/expansion. The definition of jobs linked to the expansion process will be broad, including direct employees and indirect jobs in supply chains, such as contract farmers or other input providers. AIJOG's support will be conditional on a financial and technical evaluation to determine whether the expansion plans are credible and sustainable without the need for additional future subsidy.

Component 3. Capacity building, monitoring and evaluation and project management This component will finance administration of project implementation, the project monitoring and evaluation system and the required capacity building for MOLESS and other implementation partners.

Proposed Institutional and Implementation Arrangements: The main implementing agency for the project is MOLESS. A Project Steering Committee (PSC) will be set up, chaired by MOLESS Secretary, to provide policy guidance and cross-sectoral coordination. The PSC consists of senior officials from the Ministries of Finance, Industry, Agriculture, Education, Youth, Tourism and other relevant agencies; and representatives of private sector. Representatives of other non-government agencies, and youth groups would be invited to meetings as required. There will also be technical committee(s) with membership from officials of relevant ministries as required for the project.

A Project Implementation Unit (PIU), to be established in MOLESS, will oversee the implementation of the project activities. The PIU will be led by a Project Director, who will be the Joint Secretary within MOLESS heading the PMP. The PIU will manage the day-to-day operation including monitoring and coordination to ensure smooth project implementation. It was agreed that in addition to the necessary procurement, financial management, safeguards, and technical consultants, the PIU will include MOLESS staff to head the components/sub components.

The project will establish adequate institutional and implementation arrangements to support the integrated demand-side and supply-side interventions with cross-cutting nature. MOLESS would further determine coordination mechanisms at the federal level and collaboration arrangements with state and local governments during project preparation.

SAFEGUARDS

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

The project will be implemented in selected locations in Nepal (exact locations yet to be decided).

B. Borrower's Institutional Capacity for Safeguard Policies



The capacity of MOLESS is weak for addressing the safeguards related issues. As the support to public and private firms will lead to expansion of activities to create new jobs at the local level MOLESS needs to establish coordination mechanism at the federal level to oversight and manage safeguard related issues at the local and provincial level.

C. Environmental and Social Safeguards Specialists on the Team

Jaya Sharma, Social Specialist
Annu Rajbhandari, Environmental Specialist

D. Policies that might apply

| Safeguard Policies | Triggered? | Explanation (Optional) |
|--|------------|--|
| Environmental Assessment OP/BP 4.01 | Yes | This project is categorized as "B" due to anticipated potential adverse environmental and social impacts which are site-specific and reversible from the activities supported under the component 2a and 2b. The potential impacts may include water quality related issues, construction related air and noise pollution and over exploitation of natural resources etc. However, these impacts are remediable by applying appropriate mitigation measures. An Environmental and Social Management Framework (ESMF) will be prepared to mitigate the environmental and social issues. |
| Performance Standards for Private Sector Activities OP/BP 4.03 | No | |
| Natural Habitats OP/BP 4.04 | TBD | This policy is to be determined as the project envisage to support agricultural and natural resources activities/sub projects. |
| Forests OP/BP 4.36 | No | There will be no expected impacts to forests. |
| Pest Management OP 4.09 | TBD | This policy is to be determined as the project envisage to support agricultural and natural resources activities/sub projects. |
| Physical Cultural Resources OP/BP 4.11 | No | The small civil works will not take place in cultural heritage places and therefore no impacts to physical cultural resources are expected. |
| Indigenous Peoples OP/BP 4.10 | Yes | Indigenous and vulnerable community is spread across the country. The project aims to provide opportunities for poor and unemployed households with jobs and this includes IPs and vulnerable. Also, exact location of sub projects are not known. Hence the policy is triggered. Consultations will be carried out with IPs/vulnerable for information dissemination of the proposed project, impact identification, design of |



mitigation measures and positive benefits accruing from the project. Vulnerable Community Development Plan will be prepared, disclosed and implemented.

| | | |
|--|-----|--|
| Involuntary Resettlement OP/BP 4.12 | Yes | The project envisages to construct small scale community infrastructure and assets and expansion of existing enterprises which may require acquisition of land. Hence this policy is triggered. However, this will be determined during project preparation phase. |
| Safety of Dams OP/BP 4.37 | No | The project interventions do not include dams or their improvements. |
| Projects on International Waterways OP/BP 7.50 | No | The proposed project activities do not have any impacts to the international waterways. |
| Projects in Disputed Areas OP/BP 7.60 | No | There are no disputed areas where project interventions are undertaken. |

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Nov 23, 2018

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

Environmental and Social management Framework/ Guidelines prepared before appraisal scheduled in December 2018

CONTACT POINT

World Bank

Jasmine Rajbhandary, David Ian Walker
Sr Social Protection Specialist

Borrower/Client/Recipient

Ministry of Finance
Shree Krishna Nepal
Chief, International Economic Cooperation Coordination Divis
sknepal40@mof.gov.np

Implementing Agencies



Ministry of Labor, Employment and Social Security

Mahesh Prasad Dahal

Secretary

maheshdahal19@gmail.com

FOR MORE INFORMATION CONTACT

The World Bank

1818 H Street, NW

Washington, D.C. 20433

Telephone: (202) 473-1000

Web: <http://www.worldbank.org/projects>

APPROVAL

| | |
|----------------------|---------------------------------------|
| Task Team Leader(s): | Jasmine Rajbhandary, David Ian Walker |
|----------------------|---------------------------------------|

Approved By

| | | |
|---------------------------|-----------------------|-------------|
| Practice Manager/Manager: | Stefano Paternostro | 28-Sep-2018 |
| Country Director: | Faris H. Hadad-Zervos | 09-Oct-2018 |