

## **SAFEGUARDS ASSESSMENT AND FINDINGS**

1. ADB's Safeguard Policy Statement (SPS 2009) requires that the potential direct or indirect environmental or social safeguards impacts associated with the policy actions associated with the policy-based loan be evaluated, and appropriate mitigation measures be identified. The matrix of potential impacts was prepared for the loan and agreed upon.
2. **Environment safeguards.** The policy-based loan is categorized as "C" for environment safeguards under ADB SPS 2009. Based on the assessment of potential environmental impacts, the program will not have environment risks. Instead, the policy actions support the safeguard policy statement to (i) prevent introduction of alien species and pests in the agriculture area, (ii) improve pesticide management, (iii) promote the implementation of international good practice in the laboratories, and (iv) protect human health and food safety. This matrix is approved by the government and ADB Team and will be submitted to SDCC for approval.
3. To further implement environmental safeguards, a technical assistance (TA) will be used to fund an environmental specialist who will review, advice, and support the inclusion of environmental safeguards into the policy actions under Tranche 2. The specialist will ensure that environmental safeguards are included in the policy actions to prepare (i) business plans, (ii) national standards for establishing seed testing laboratory, (iii) manual on seed production, (iv) regulations to Acts, and (v) training manual. Relevant environmental safeguards for Tranche 2 are (i) biodiversity conservation and sustainable natural resource management, (ii) pollution prevention and abatement, and (iii) health and safety. Also, the specialist will ensure relevant international good practices in pest use and management (Food and Agriculture Organization, World Health Organization, etc.) are part of the draft regulations and residue protocol.
4. The Mission visited different institutions to understand their current environment safeguard related activities. For the Central Animal and Poultry Disease Investigation Laboratory, the institution has existing waste treatment facility, sludge incineration, and biodegradation pits. Also, staff who work directly in the laboratory operations use personal protective equipment. The staff from Pesticide Management and Registration Section under the Plant Quarantine and Pesticide Management Centre mentioned that they adhere to the World Health Organization Recommended Classification of Pesticides by Hazard.<sup>1</sup> At the time of the Mission, there are 15 pesticides already banned—six pesticides pending for gazette publication and two pesticides under analysis. Also, the Department of Food Technology and Quality Control is proposing Maximum Residues Limits of Pesticides on fresh fruits and vegetables. These limits will serve as (i) compulsory provision under food law and regulation, (ii) monitor export and/or import and maintain safe food products.
5. **Social safeguards.** Safeguards requirement on involuntary resettlement is not triggered as there is no displacement resulting from involuntary land acquisition or restriction of land use. The impact on indigenous peoples (IPs) is positive. The policy action on the delivery of training on inclusive agriculture and agribusiness may benefit IPs.

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<sup>1</sup> According to Appendix 1 of ADB SPS 2009, the borrower and/or client will not use products that fall in World Health Organization Recommended Classification of Pesticides by Hazard Classes Ia (extremely hazardous) and Ib (highly hazardous) or Class II (moderately hazardous).

6. The Mission conducted a field visit to Gandaki province, where there is IP presence. The Mission requested the Ministry of Land Management, Agriculture, and Cooperatives to consult relevant stakeholders, including IPs and relevant IP organization, in preparing the training manual on agriculture and agribusiness, and inform and include IPs in the corresponding training.

7. The Mission also met with relevant organizations representing IPs to discuss the potential impacts associated with the policy-based loan. The importance of meaningful consultation and informed participation was emphasized, particularly in preparing the plans, guidelines, and manuals mentioned in the policy action plan matrix, and in training delivery. The TA will engage a social safeguards consultant to ensure that such plans, guidelines, and manuals are socially inclusive and declared in the official language of Gandaki province.