



24 July 2007

Dear Mr. Tanaka,

Subject: Medium-Size Project, Bhutan: Integrated Livestock and Crop Conservation Project
- PIMS No. 2911 - ATLAS BU: BTN10 - Proposal No.: 42329 - Project No.: 48573

I am pleased to delegate to you the authority to sign the above-mentioned *MSP* project document on behalf of UNDP and to commence the implementation of the project when signed by the government of Bhutan. The project, which amounts to a total of US\$ 897,485, has received its final approval in accordance with the established GEF procedures (CEO approval attached). You are also kindly requested to obtain the government signature on the cover page. The project document should be signed by all signatories no later than July 2007. The project will be nationally executed by Ministry of Agriculture, which has received a copy of project document for signature.

Prior to the signature of the project document, the *Annual Work Plan (AWP)* should be generated through ATLAS BTN10 - Proposal No. 42329 - Project No. 48573 based on the *Total Budget and Annual Work Plan* in the attached project document. A copy of the project document signed cover page and the AWP extracted from ATLAS should be sent to Ms. Sultana Bashir, Regional Technical Advisor in Bangkok and to Ms. Xiumei Zhang, Finance Officer at Headquarters, with a request for issuance of an *Authorization of Spending Limit (ASL)*. Comments on the AWP will be provided within 5 working days by the GEF Regional Technical Advisor as relevant.

Budget revisions should be forwarded to the GEF RCU with an explanation of the changes proposed. In this connection, please note that UNDP-GEF is not in a position to increase the project budget above the amount already approved by the GEF Council. Therefore, any over-expenditure on this project will have to be absorbed by TRAC.

The number of operational and financial transactions and services expected from your office in support of project execution will vary according to the execution modality. The UNDP country office will receive compensation for actual services delivered through the *Implementation Support Services (ISS)* mechanism.

As an Implementing Agency of the GEF, UNDP earns a fee from the GEF upon approval of each main project (Full-Size, Medium-Size or Enabling Activities). The fee, which is paid directly by UNDP/GEF to the XB account of the Country Office, is used to cover the costs incurred by UNDP, both at Headquarters and in the Country Office, in supporting project development and implementation. The total fee that your office will receive over the lifetime of the project will be US\$ 35,000 payable in annual installments. The first installment will be effected upon receipt of the signed main project document cover page in the GEF RCU. The second and all subsequent annual fee installments will depend on the satisfactory delivery of the services described in Annex 2 and thus will be directly linked to project expenditure and delivery. Note that the amount to be received by your office includes the cost of services generated by the preparatory assistance phase under the *GEF Project Development Facility (PDF)/Project Preparation Grant (PPG)* window.

Mr. Toshihiro Tanaka
Resident Representative, a.i.
UNDP
Thimphu, Bhutan



As specified in the project document, a detailed project management plan will need to be prepared by the Project Manager in order to support a timely implementation of the activities. This management plan will specify the actions, timelines and responsibilities for review at the inception workshop. It will be completed and updated throughout the life of the project as relevant in accordance with the various annual reviews such as steering committees, tri-partite reviews etc... The plan will also include all the support activities to be undertaken by the Country Office as listed in Annex 2. It should also highlight the delivery milestones and identify responsible Country Office staff at the programmatic and operational level.

We take the opportunity to draw your attention to the following mandatory requirements for all GEF-funded projects:

- ❖ Any changes contemplated with respect to the project objectives and outcomes will have to be discussed with and approved by the UNDP-GEF Regional Coordination Unit, as they will have to be reported to GEF.
- ❖ All GEF-funded projects are subject to a mid-term and a final evaluation conducted according to Terms of Reference circulated to the RCU and approved on a no-objection basis. Projects of short duration and small to moderate in size such as Enabling Activities and Medium-Size may forego the mid-term evaluation.
- ❖ All NEX projects with expenditures of \$100,000 or more are subject to mandatory annual audits, conducted in accordance with the UNDP guidelines issued by OAPR. UNDP-GEF reserves the right to withhold fee payments and to suspend the project if this requirement is not met in a timely fashion.

In case you need clarification on the GEF Project Cycle and requirements, please consult the UNDP-GEF Programming Manual at <http://intra.undp.org/gef> .

In concluding, I would like to assure you of the GEF Team's and my personal commitment to a successful implementation of the project. The Regional Coordination Unit in Bangkok is at your disposal for advice and technical support. Should you have any concerns or questions, please do not hesitate to contact me with your feedback on the quality of our services and suggestions for improvements.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'John Hough', is written over a white background.

John Hough
Officer-in-Charge

cc: Mr. Hafiz Pasha, Assistant Administrator and Bureau Director, *RBAP*
Ms. Sultana Bashir, GEF Regional Technical Advisor, Bangkok, Thailand



Annex 1 CEO endorsement/approval



Monique Barbut
Chief Executive Officer
and Chairperson

Global Environment Facility

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June 7, 2007

Mr. Yannick Glemarec
Acting GEF Executive Coordinator
United Nations Development Programme
On United Nation Plaza
304 East 45th St.
FF Bldg., 10th floor
New York, NY 10017

Dear Mr. Glemarec:

I am pleased to inform you that I am approving the medium-sized project proposal entitled ***Bhutan: Integrated Livestock and Crop Conservation Program***, for \$897,485 in financing from the GEF Trust Fund. I understand that this project proposal will be submitted for approval in accordance with the UNDP procedures. I note that a project preparation grant of \$24,500 was previously approved for preparation of this project and that report on the completion of activities of this grant has been submitted to the GEF Secretariat. Taking into account the project preparation funds, the total GEF grant for the project is \$921,985.

I am also approving the fee of \$82,979 representing 9.00% of the project allocation for implementation services.

I am approving this project on the understanding that the project will meet the following milestones:

- (i) the grant agreement will be signed no later than June 2007;
- (ii) the closing date of the project grant will be no later than August 2012 and a terminal evaluation/project completion report will be submitted to the GEF Secretariat within 6 months of such closing date.

You are requested to ensure that the GEF Secretariat is informed when each of these milestones is met. If any milestone is not achieved, and after consultations with your agency, I may agree to revised milestones or recommend cancellation, termination, or suspension of the project, and I will communicate to the beneficiary country and your agency the basis for such a recommendation.



Mr. Yannick Glemarec

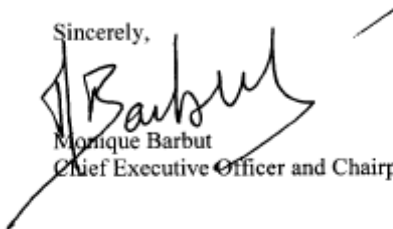
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June 07, 2007

Please ensure that your grant agreements continue including a closing date and providing for your agency's right of cancellation, suspension or termination upon my recommendation to that effect.

I am attaching a copy of the project tracking sheet for your records.

Sincerely,



Monique Barbut
Chief Executive Officer and Chairperson

Attachment



PROJECT IMPLEMENTATION ACTIVITIES

**Unless otherwise stated, all activities should comply with the
UNDP-GEF and the UNDP Programming Manuals**

Stage	Responsibilities of UNDP Country Office
Development	▪ Review, appraise and provide guidance to proponent on Concept/project idea.
	▪ Defend Concept/project idea eligibility as needed.
	▪ Support Project formulation.
	▪ Support Co-financing negotiations.
	▪ Defend Proposal eligibility as needed.
	▪ Participates in policy negotiations as needed.
Preparation	▪ Support Project Document formulation.
	▪ Facilitate and participate in Project Document appraisal.
	▪ Prepare response to GEF Council comments for Project Document endorsement by GEF CEO.
	▪ Process UNDP signature of project document.
	▪ Process Government signature of Project Document.
	▪ Process Executing Agent signature of Project Document as relevant.
Implementation	▪ Finalize agreement with HQs on Project Support Services (tasks and reimbursement).
	◆ <i>Management Oversight</i>
	▪ Project launching.
	▪ Steering committee meetings .
	▪ Monitoring the implementation of the workplan and timetable.
	▪ <u>Field visits</u> : ensure visit to the project site at least once a year; prepare and circulate reports no later than two weeks after visit completion.
	▪ Problem identification and trouble shooting
	▪ Project document revision
	▪ Review, editing and response to reports
▪ Technical backstopping as needed	



Implementation (cont'd)	<ul style="list-style-type: none"> ▪ Policy negotiations ▪ Operational completion activities in agreement with GEF RCU, determining when the project is operationally completed and advising all interested parties accordingly.
	<ul style="list-style-type: none"> ◆ <i>Financial Management & Accountability</i>
	<ul style="list-style-type: none"> ▪ Financial management (verifying expenditures, advancing funds, issuing combined delivery reports, ensuring no over-expenditure of budget).
	<ul style="list-style-type: none"> ▪ Ensuring annual audits of NEX projects are completed and the audited financial statements together with the audit report reach UNDP headquarters (Office of Audit and Performance Review) as needed.
	<ul style="list-style-type: none"> ▪ Timely issuance of the initial Annual WorkPlan (AWP) and subsequent Budget Revisions.
	<ul style="list-style-type: none"> ▪ Operational and financial completion of the activities in agreement with GEF RCU, ensuring that projects are financially completed no more than 12 months after the date of operational completion by ensuring the final budget revision is promptly prepared and approved.
Evaluation	<ul style="list-style-type: none"> ▪ Ensure preparation and completion of Annual Project Reports (APRs) by the due date, two weeks before the tri-partite review (TPR).
	<ul style="list-style-type: none"> ▪ Organize and attend tri-partite review (TPR) meetings and ensuring that decisions are taken on important issues).
	<ul style="list-style-type: none"> ▪ Ensure preparation and completion of the GEF Project Implementation Review (PIR) reports by the due date.
	<ul style="list-style-type: none"> ▪ Arrange evaluations (mid-term, final, post-final, independent etc...), hiring personnel, planning mission) as agreed upon with the GEF RCU and ensuring that GEF-specific requirements with regard to <i>Monitoring & Evaluation</i> are met in accordance with the UNDP-GEF Programming Manual.