



Global Environment Facility

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Dear GEF Council Member,

I am writing to notify you that we have today posted on the GEF's website at www.TheGEF.org, a medium-sized project proposal from UNDP entitled ***Bhutan: Enhancing Global Environmental Management in Bhutan's Local Governance System***, to be funded under the GEF Trust Fund (GEFTF). The GEFTF will contribute \$500,000 towards a total cost of \$697,692.

This project is a direct response to the national capacity self-assessment (NCSA) conducted in Bhutan during the period 2004-2006. It will address some of the identified cross-cutting capacity issues related to the implementation of the 3 Rio Conventions and strengthen the synergies in implementing these conventions and more generally Bhutan's broader global environmental agenda.

The project proposal is being posted for your review. We would welcome any comments you may wish to provide by February 5, 2008, in accordance with the procedures approved by the GEF Council. You may send your comments to gcoordination@TheGEF.org.

If you do not have access to the Web, you may request the local field office of the World Bank or UNDP to download the document for you. Alternatively, you may request a copy of the document from the Secretariat. If you make such a request, please confirm for us your current mailing address.

Sincerely,

cc: Alternates, GEF Agencies, STAP, Trustee



MEDIUM-SIZED PROJECT PROPOSAL

REQUEST FOR FUNDING UNDER THE GEF Trust Fund

GEFSEC PROJECT ID:
IA/ExA PROJECT ID: 3694
COUNTRY: Bhutan
PROJECT TITLE: Enhancing Global Environmental Management in Bhutan's Local Governance System
GEF IA/ExA: UNDP
OTHER PROJECT EXECUTING AGENCY(IES): National Environment Commission Secretariat (NECS)
DURATION: 3 years
GEF FOCAL AREA: Multi-focal area/others
GEF STRATEGIC OBJECTIVES: CB-2 (Cross-cutting Capacity Building)
GEF OPERATIONAL PROGRAM: Capacity Building
IA/ExA FEE: US\$45,000
CONTRIBUTION TO KEY INDICATORS IDENTIFIED IN THE FOCAL AREA STRATEGIES: The project will contribute to the identified cross-cutting capacity issues related to the implementation of the 3 Rio Conventions and strengthen the synergies in implementing these conventions and more generally Bhutan's broader global environmental management at the local level.

FINANCING PLAN (\$)		
	PPG	Project*
GEF Total	25,000	475,000
Co-financing	(provide details in Section b: Co-financing)	
GEF IA/ExA		
Government	4,500	168,846
Bilateral		53,846
Co-financing Total	4,500	222,692
Total	29,500	697,692
Financing for Associated Activities If Any: DANIDA (EUSPS) USD 317,690		

* If project is multi-focal, indicate agreed split between focal area allocations

FOR JOINT PARTNERSHIP**		
GEF PROJECT/COMPONENT (\$)		
(Agency Name)	(Share)	(Fee)
(Agency Name)	(Share)	(Fee)
(Agency Name)	(Share)	(Fee)

*** Projects that are jointly implemented by more than one IA or ExA

MILESTONES	DATES
PIF APPROVAL	Not Applicable
PPG APPROVAL	23 Dec 2005
MSP EFFECTIVENESS	July 2007
MSP START	September 2007
MSP CLOSING	August 2010
TE/PC REPORT*	July 2010

*Terminal Evaluation/Project Completion Report

Approved on behalf of the United Nations Development Programme. This proposal has been prepared in accordance with GEF policies and procedures and meets the standards of the [Review Criteria for GEF Medium-sized Projects](#).

John Hough
 Officer-In-Charge
 UNDP/GEF

Date: 10 December 2007

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LIST OF ACRONYMS AND ABBREVIATIONS

ADB	-	Asian Development Bank
BT FEC	-	Bhutan Trust Fund for Environmental Conservation
BWS	-	Bomdeling Wildlife Sanctuary
CCA	-	Common Country Assessment
CORRB	-	Council for RNR for Bhutan
DADM	-	Department of Aid and Debt Assistance
DANIDA	-	Danish International Development Assistance
DEC	-	District Environment Committee
DoA	-	Department of Agriculture
DLG	-	Department of Local Governance
DOP	-	Department of Planning
DYT	-	<i>Dzongkhag Yargye Tshogchungs</i> (or District Development Committee)
EAA	-	Environmental Assessment Act
EA	-	Environmental Assessment
EA Act 2000	-	Environment Assessment Act 2000
EC	-	Environmental Clearance
ERM	-	Environmental Regulation and Management at national and local level
EUSPS	-	Environment and Urban Sector Programme Support (DANIDA)
FY	-	Fiscal Year
FYP	-	Five-Year Plan
GDP	-	Gross Domestic Product
GEAP	-	Geog Environmental Action Plan
GEF	-	Global Environment Facility
GhG	-	Greenhouse Gas
GYT	-	<i>Geog Yargye Tshigchungs</i> (or Geog Development Committees)
ICOS	-	information, Communication and Outreach Section, NECS
JDNP	-	Jigme Dorji Wangchuck National Park
JSWNP	-	Jigme Singye Wangchuck National Park
MEA	-	Multilateral Environmental Agreement
MEAP/GEAP	-	Micro Environment Action Plan/ Geog Environment Action Plan
MDP	-	Millennium Development Goals
MoA	-	Ministry of Agriculture
MoH	-	Ministry of Health
MoHCA	-	Ministry of Home and Cultural Affairs
MOWHS	-	Ministry of Works and Human Settlements
MTI	-	Ministry of Trade and Industry
NAPA	-	National Action Plan for Adaptation
NA	-	National Assembly
NBF	-	National Biosafety Frameworks
NBC	-	National Biodiversity Centre
NCD	-	Nature Conservation Division
NEC	-	National Environment Commission
NECS	-	National Environment Commission Secretariat
NPD	-	National Project Director
PGR	-	Plant Genetic Resources
PSC	-	Project Steering Committee
RGoB	-	Royal Government of Bhutan
RNR	-	Renewable natural resources sector
RNR-RC	-	Renewal Natural Resources – Regional Centre

RSPN	-	The Royal Society for the Protection of Nature
SDS	-	Sustainable Development Secretariat
SFD	-	Social Forestry Division
SLMP	-	Soil Land Management Project
UNCBD	-	United Nations Convention on Biological Diversity
UNCCD	-	United Nations Convention to Control Desertification and Drought
UNDAF	-	United Nations Development Assistance Framework
UNDP	-	United Nations Development Programme
UNFCCC	-	United Nations Framework Convention on Climate Change
WB	-	World Bank
WWF	-	World Wildlife Fund – US

GLOSSARY OF BHUTANESE TERMS

<i>Chathrim</i>	Act, statute
<i>Chhuzhing</i>	Wetland cultivation
<i>Chimi</i>	Elected representative of the public to the National Assembly
<i>Dungkhag</i>	Sub-district
<i>Dungpa</i>	Sub-district Administrator
<i>Dzongdag</i>	District Administrator
<i>Dzongkhag</i>	District
<i>Dzongkhag Yargye Tshogdu</i>	District Development Committee (DYTs)
<i>Dzongrab</i>	Deputy District Administrator
<i>Geog</i>	Administrative Block, which is usually made up of several villages
<i>Geog Yargye Tshogchung</i>	Block Development Committee (GYTs)
<i>Gup</i>	Elected head of a geog
<i>Kamzhing</i>	Dryland cultivation
<i>Mangmi</i>	Elected representative of a geog, who can assume the role of the gup in his/ her absence
<i>Thrimzhung (1957)</i>	Mother Law, enacted before modern laws came into being
<i>Tsamdo</i>	Pasture land with customary grazing rights owned by individuals, communities or institutions
<i>Tseri</i>	Slash-and-burn cultivation
<i>Tshogpa</i>	Village representative. Large villages may have more than one tshogpa while a few small villages may collectively one tshogpa.

PART I - Project

A – PROJECT SUMMARY

1. Over the last decade, Bhutan has increasingly become an active player in the global environmental management arena. The country has become Party to all the three Rio Conventions – *Convention on Biological Diversity (CBD)*, *United Nations Framework Convention on Climate Change (UNFCCC)*, and the *UN Convention to Combat Desertification (CCD)* – along with other international environment and sustainable development conventions and agreements. Together, the three Rio Conventions and their instruments collectively set the overall context for Bhutan’s global environmental management.

2. In order to better understand the dynamics behind the threats to Bhutan’s environment vis-à-vis global environment management, the Royal Government of Bhutan (RGoB) recently carried out a GEF-supported *National Capacity for Self-Assessment (NCSA)*. Through a broad-based consultative and participatory process, the Bhutan NCSA identified 22 capacity development needs, either common to or cutting across the biodiversity, climate change and land degradation thematic areas. Based on this analysis, the RGoB prepared an Action Plan to address these prioritized capacity needs to fulfill Bhutan’s responsibilities and commitments from ratifying the three Conventions.

3. A main challenge for this process, was to not only identify the cross-cutting linkages between the Conventions, but to also match those with the socio-economic priorities identified by the Government. The objective was to promote follow-up proposals, where national, district and local policies would accommodate such principles, to reverse the current practice of treating global environmental issues as a stand-alone agenda of limited concern to national and local development priorities. Consultations with NCSA stakeholders stressed the importance of Bhutan’s ongoing decentralization process and the significant and unique opportunities that this process offers for mainstreaming cross-cutting environmental management concerns into ongoing planning and capacity development initiatives. The RGoB has steadily been trying to decentralize power away from the capital, moving parts of its administration to the 20 *dzongkhags* (districts) and 201 *geogs* (blocs of villages). The objective was to promote local socio-economic development strategies and initiatives by empowering the people to participate in and make decisions on their own plans and programmes, while enabling them to adopt approaches and practices that suits local needs.

4. As part of this overall decentralization process, Bhutan is striving to translate its policy of environmentally sustainable development into on-the-ground actions. So far, key implementation responsibilities related to the implementation of the *Environmental Assessment Act (EAA)* have been transferred to the District and Geog levels. Key elements of Bhutan’s national environmental management response to its environmental challenges are **environmental assessment (EA)** and **Strategic Environmental Assessment (SEA)**. The country is faced with a growing amount of projects, which are likely to have significant adverse environmental impacts. With a view to avoid or minimize such impacts, there is hence a growing need to introduce and implement procedures for assessment and management of environmental impacts of projects. Notably, EA is an overarching process, involving all the three areas of global environmental management – biodiversity, climate change and land degradation – while cutting across various sectors and agencies. Moreover, the *Chathrim*s – the Local Government Acts - include several provisions for environmental management at the local level. *Notably, many of these provisions are both directly related to the implementation of the EAA and of high relevance to the Conventions.*

5. Yet, EA is a relatively recent concept in Bhutan and only became a legal requirement with the enactment of the EAA in 2000. While the systemic capacity in support of this transfer of responsibilities is strong in terms of legislative framework, the lack of local individual capacities in terms of knowledge, skills, experience and institutional support remain a major impediment for the new mandated implementation, compliance, and monitoring of environmental management. The NCSA process highlighted these capacity gaps at the local

levels as one of the greatest barriers to effective local environmental management. Accordingly, a concerted effort to develop local capacity for cross-cutting, effective and sustainable environmental management is one of the highest priorities for the country in the coming decade.

6. Hence, the RGoB is requesting GEF support for this project proposal to **enhance environmental management in Bhutan’s local environmental governance system**. The below table sums up the expected Project scope and results (Outcomes and Outputs):

Table 1: Overview of Expected Project Results

Project Objective	Outcomes	Outputs
<p>Enhance global environmental management by mainstreaming the provisions of the Rio Conventions into enhanced decentralized environmental management.</p>	<p>1. Enabled central-level framework to enhance decentralized capacity for environmental management and implementation of the provisions of the 3 Rio Conventions.</p> <p>2. Enabled decentralized institutional framework and personnel to enhance local environmental management, which include implementation of the Rio Conventions’ provisions.</p> <p>3. Existing Environmental Information Management System enhanced to backstop national policy and decision making in response to global environmental management needs as per the provisions of the Rio Conventions</p>	<p><u>1.1:</u> A functional and sustainable Dzongkhag (District) Environmental Committee (DEC) Focal Point Secretariat established within the NECS¹ with the capacity to manage and coordinate the DEC environmental management tasks and responsibilities.</p> <p><u>1.2:</u> An approved and funded Training Curriculum and related Action Plan for DEC’s on how to implement comply to and monitor Bhutanese commitments to EAs and other provisions of the Rio Conventions.</p> <p><u>1.3:</u> Training-of-trainers learning materials for environmental management awareness and training workshops for DEC members developed.</p> <p><u>1.4:</u> Enhanced capacity of key staff from NECS and concerned line ministries² to conduct/lead Training-of Trainers initiatives as part of their regular activities related to decentralized development planning, implementation and monitoring.</p> <p><u>2.1:</u> Supportive institutional structure of DEC’s established in all Districts.</p> <p><u>2.2:</u> Technical environmental management manpower capacity in DEC’s established in all Districts.</p> <p><u>2.3:</u> Increased capacity and knowledge base amongst the DEC members to carry out decentralized environmental management and compliance in line with global environmental requirements.</p> <p><u>2.4:</u> Increased capacity of the DEC’s to fund decentralized environmental management activities addressing Bhutan’s commitments to implement the 3 Rio Conventions.</p> <p><u>3.1:</u> Set of uniform indicators and guidance for application are established for measuring the contribution of decentralized environmental management towards meeting global environmental objectives.</p> <p><u>3.2:</u> The Rio Convention Focal Points are enabled to take into account the decentralized environmental management activities in their reporting on Bhutan’s commitments to implement the 3 Rio Conventions.</p>

¹ National Environment Commission Secretariat.

² The concerned line ministries and departments are: Ministry of Trade and Industry, Ministry of Works and Human Settlement; Ministry of Agriculture, Ministry of Finance (Planning Commission), Ministry of Home and Department of Local Governance/Planning Commission.

7. A key factor behind the Project focus, is the possibility to link the emphasis of this proposal with an ongoing Danida-supported NECS Programme - *the Environment and Urban Sector Programme Support* [EUSPS]. This link would enable the RGoB to enhance the impact of this Programme by filling remaining gaps in much-needed institutional and individual capacities both at national and District levels.

8. The project will be monitored and evaluated in accordance with established UNDP/GEF procedures and will be conducted by the project team and the UNDP Country Office with support from UNDP-GEF. The project management reports will be presented to the Project Steering Committee (PSC) for endorsement and be distributed to the UNDP-GEF and NECS. A list of performance indicators (and their relevant targets) to measure project progress were identified in the log-frame. The project will use a capacity development monitoring and evaluation scorecard to monitor the project capacity development progress. It will monitor the relevant eight capacity development indicators for this project, which are of direct relevance to enhancing global environmental management by mainstreaming the provisions of the Rio Conventions into enhanced decentralized environmental management in Bhutan (see table below). Using the baseline data collected during the PDF-A, this scorecard will be used to review/rate the relevant capacity development indicators at inception, at mid-point of project implementation and finally at the end of project implementation. This capacity development monitoring tools will be used by the project implementation team to monitor the project capacity development progress and also by the evaluators to conduct the MTE and the final evaluation.

Capacity Result / Indicator	Contribution to which Outcome
CR 1: Capacities for engagement	
Indicator 1 – Degree of legitimacy/mandate of lead environmental organizations	2
Indicator 2 – Existence of operational co-management mechanisms	1, 3
Indicator 3 – Existence of cooperation with stakeholder groups	1, 2
CR 2: Capacities to generate, access and use information and knowledge	
Indicator 4 – Degree of environmental awareness of stakeholders	1
Indicator 5 – Access and sharing of environmental information by stakeholders	3
Indicator 6 – Existence of environmental education programmes	
Indicator 7 – Extend of the linkage between environmental research/science and policy development	
Indicator 8 – Extend of inclusion/use of traditional knowledge in environmental decision-making	
CR 3: Capacities for strategy, policy and legislation development	
Indicator 9 – Extend of the environmental planning and strategy development process	
Indicator 10 – Existence of an adequate environmental policy and regulatory frameworks	
Indicator 11 – Adequacy of the environmental information available for decision-making	
CR 4: Capacities for management and implementation	
Indicator 12 – Existence and mobilization of resources	1, 2
Indicator 13 – Availability of required technical skills and technology transfer	1, 2
CR 5: Capacities to monitor and evaluate	
Indicator 14 – Adequacy of the project/programme monitoring process	3
Indicator 15 – Adequacy of the project/programme evaluation process	

B. COUNTRY OWNERSHIP

Country Eligibility

9. The Royal Government of Bhutan (RGoB) is signatory to all three Rio Multilateral Environmental Agreements (MEAs) – the CBD, UNFCCC, and CCD – as follows, and is therefore eligible for receiving assistance from the GEF and UNDP.

- UNFCCC – Ratified in August 1995
- CBD – Ratified in August 1995
- UNCCD – Ratified in 2003

10. From hereon after these three MEAs will be jointly referred to as the **Rio Conventions**.

Country Driven-ness

2.1 Capacity Assessment for Global Environmental Management

11. In order to better understand the dynamics behind the threats to Bhutan's environment vis-à-vis global environment management, the RGoB, with support from UNDP-GEF, recently undertook a self-assessment of its capacity to implement the Rio Conventions³. Through a broad-based consultative and participatory process, the Bhutan NCSA first identified priority capacity development needs in the biodiversity, climate change and land degradation thematic areas. It then identified 22 capacity development needs, either common to or cutting across these three thematic areas (see Annex 1 for the complete list). Based on this analysis, the RGoB prepared an Action Plan based on seven specific Outputs for addressing the prioritized capacity needs to fulfill Bhutan's responsibilities and commitments from ratifying the three Conventions.

12. A main challenge for this process was to not only identify the exact cross-cutting linkages between the Conventions, but to also match those with the desired economic priorities identified by the Government. The objective was to promote follow-up proposals, where national and regional (District and local) policies would accommodate such principles, in order to reverse the current practice of treating global environmental issues as a stand-alone agenda of limited concern to national and local development priorities. Further to subsequent consultations with concerned stakeholders, and based on in-country opportunities, the RGoB packaged the seven Action Plan Outputs into the following three priority project proposal concepts for immediate action:

- 1) Enhancing Environmental Management in Local Governance System;
- 2) Strengthening Policy and Legal Framework for Environmental Management;
- 3) Strengthening Information and Monitoring System for Environmental Management.

13. Further consultations with NCSA stakeholders stressed the importance of the ongoing decentralization process and the significant and unique opportunities that this process offers for mainstreaming cross-cutting environmental management concerns into ongoing planning and capacity development initiatives. Hence, the RGoB decided to request GEF support for the first project proposal (i.e. enhancing environmental management in local governance system). Another key factor behind this decision was the possibility to link the emphasis of this proposal with an ongoing Danida-supported NECS Programme - *the Environment and Urban Sector Programme Support* [EUSPS] - which would enable the RGoB to enhance the impact of this Programme by filling remaining gaps in much-needed institutional and individual capacities, both at the national and District levels.

For an elaboration of the linkages between the project focus and (i) Bhutan's broader development priorities; and (ii) its national environmental agenda, please see Sections 2.2.3 and 2.2.4.

2. PROGRAMME AND POLICY CONFORMITY

Programme Designation and Conformity

14. The proposed project addresses the objectives of 3 GEF focal areas (biodiversity, climate change, and sustainable land management) and specifically fits under the strategic priority related to crosscutting capacity building (CB-2).

³ "Self-Assessment and Action Plan Development for National Capacity Building in Bhutan for Global Environmental Management" – the Bhutan NCSA.

15. The project is aligned with the GEF-approved⁽⁴⁾ “*Strategic Approach to Enhance Capacity Building*”. It identifies capacity development as “... a strategic priority that cuts across all focal areas”. Moreover, the strategy to design and implement the project follows the operational principles identified in the GEF approved strategic approach:

- 1) Ensure national ownership and leadership
- 2) Ensure multi-stakeholder consultations and decision-making
- 3) Base capacity building efforts in self-needs assessment
- 4) Adopt a holistic approach to capacity building
- 5) Integrate capacity building in wider sustainable development efforts
- 6) Promote partnerships
- 7) Accommodate the dynamic nature of capacity building
- 8) Adopt a learning-by-doing approach
- 9) Combine programmatic and project-based approaches
- 10) Combine process as well as product-based approaches

16. This project is a direct response to the national capacity self-assessment (NCSA) conducted in Bhutan during the period 2004-2006. It will address some of the identified cross-cutting capacity issues related to the implementation of the 3 Rio Conventions and strengthen the synergies in implementing these conventions and more generally Bhutan’s broader global environmental agenda.

17. The project will also contribute indirectly towards improving the performance of national and local institutions in relation with other GEF Operational Programmes (OP), such as **OP3** (Forest Ecosystems), **OP7** (Reducing the Long-Term Costs of Low Greenhouse Gas-emitting Energy Technologies), **OP9** (Mainstreamed Land and Water Multiple Focal Area Programme), **OP12** (Mainstreamed Approach to Ecosystem Management) and **OP15** (Sustainable Land Management).

Project Design

2.1 Contextual Analysis

18. The Kingdom of Bhutan is a small, landlocked and mountainous country in the Eastern Himalayan region. It is bordered by the Indian states of West Bengal and Assam to its south, Arunachal Pradesh to its east, and Sikkim to its west. The northern border is shared with the Tibetan Autonomous Region of China. It lies between 26.70 degrees and 28.35 degrees N latitudes and between 88 and 92 E longitudes. With an area of 40,076 km² Bhutan is the approximate size of Switzerland. Administratively, the country is divided into 20 *dzongkhags* (districts), and each dzongkhag is further divided into *geogs* (an administrative block made up of several villages). In total, there are 201 geogs in the country. One of the greatest development challenges in Bhutan is its rugged and precipitous terrain: The country consists mostly of mountains, the land rising from 200 meters above sea level in the south to over 7,500 meters in the northern peaks of the Himalayas. As a result, the estimated population of 734,000⁵ has settled across this vertiginous landscape in a very scattered fashion.

19. In Bhutan, the connection between the economy and environment is extremely pronounced. The country is a least developed country (LDC) and its economy is predominantly agrarian. Seventy-nine per cent of the population live in rural areas and subsist largely on an integrated livelihood system of crop agriculture, livestock production and use of a wide range of forest products – collectively known as the renewable natural resources (RNR) sector. The RNR sector is the largest single contributor to the Gross Domestic Product (GDP)

⁽⁴⁾

http://www.gefweb.org/Documents/Council_Documents/GEF_C22/C.22.8_Strategic_Approach_to_Capacity_Building_FINAL.pdf

⁵ NSB, 2004. *Statistical Yearbook of Bhutan, 2003*. Thimphu, National Statistical Bureau.

in the country - accounting for nearly one-third of the GDP in 2003. In terms of revenue-generation, hydropower and tourism top the list, where the former accounts for around 48 per cent of the total revenue (2000-02), while the latter is the biggest source of foreign exchange. This emphasis on hydropower has been an excellent, environment-friendly economic strategy for a small land-locked country with fragile ecosystems. It has provided an important source of national revenue, stimulated rural electrification and played a catalytic role in supporting key power-intensive industries.

20. Yet, recent assessments of the melting of the Himalayan glaciers (see [Annex 3](#)), from which Bhutan's waterways originate, have raised concerns about the long-term sustainability of the country's hydropower industry. Consequently, agriculture, hydropower production and tourism – the three key industries in Bhutan – are all dependent on well-protected watersheds, pristine landscapes, and spectacular biodiversity. The fragility of the young Himalayan mountain ecosystem makes them even more prone to both man-made environmental stresses and impact from natural disasters. Hence, sound, integrated environmental management is all the more critical so as to prevent or reduce damage to people's livelihood and public economic infrastructure, such as roads and irrigation channels.

2.1.1 The Context of Bhutan's Global and National Env. Management Responsibilities

21. Over the last decade, Bhutan has increasingly become an active player in the global environmental management arena. As mentioned above, it has become Party to all the three Rio Conventions – *Convention on Biological Diversity (CBD)*, *United Nations Framework Convention on Climate Change (UNFCCC)*, and the *UN Convention to Combat Desertification (CCD)* – along with several other international environment and sustainable development conventions and agreements. Together, the three Rio Conventions and their instruments - such as the Cartagena Protocol on Biosafety under CBD and Kyoto Protocol under UNFCCC - collectively set the overall context for Bhutan's global environmental management.

22. At the national level, in keeping with its rich biodiversity (see [Section 2.2.1](#)), nature-reverent traditional ethics, and profound economy-environment relationship, Bhutan has been actively pursuing the principle of environmental sustainability as a cornerstone of “*Gross National Happiness*” – a distinctively Bhutanese development philosophy propounded by His Majesty King Jigme Singye Wangchuck in the 1970s (see [Section 2.2.3](#)). Moreover, the environmental management policy and legal framework has been strengthened over the years – especially during the last decade or so. Sectoral legislation includes the enactment of the Forest and Nature Conservation Act (1995); Forest and Nature Conservation Rules (2000); Pesticides Act of Bhutan (2000); and National Biodiversity Act (2003). For more details on the environmental policy and legislative framework, see [Annex 4](#).

23. Key elements of Bhutan's national environmental management response to its environmental challenges (see [Section 2.2.2](#)) are **environmental assessment (EA)** and **Strategic Environmental Assessment (SEA)**. The country is faced with a growing amount of development projects, which are likely to have significant adverse environmental impacts. With a view to avoid or minimize such impacts, there is hence a growing need to introduce and implement procedures for assessment and management of environmental impacts of projects. EA is indeed an environmental management aspect that is emphasized in both the CBD and UNFCCC. Moreover, the CBD stresses the need for integration of, as far as possible and as appropriate, the conservation and sustainable use of biological diversity into relevant sectoral or cross-sectoral plans, programmes and policies. Similarly, the UNFCCC states the need for integration of climate change considerations in social, economic and environmental policies and actions. Although the UNCCD does not specifically mention neither the need for environmental impact assessment (EIA) nor for the need for strategic environmental assessment (SEA). However, it is apparent that EIA and SEA would be a valuable tool to combat land degradation and its effects and to ensure that land degradation considerations are taken into account when formulating, revising, modifying or implementing development policies, programmes and plans.

24. Hence, the EA is an overarching process, involving all the three areas of global environmental management – biodiversity, climate change and land degradation – while cutting across various sectors and agencies. Yet, EIA - or environmental assessment (EA) as it is known in Bhutan - is a relatively recent concept in the country and only became a legal requirement with the enactment of the *Environmental Assessment Act* (EAA) (2000). The EAA stipulates that environmental concerns are fully taken into account when formulating, renewing, modifying and implementing any policy, plan or programme. It also provides for Strategic Environmental Assessment. To aid the implementation of the EAA, the *Regulation on Strategic Environmental Assessment* (2002) has been promulgated to guide implementation of basic procedural requirements pertaining to SEA. The Regulation requires that all policies, programmes and plans - including Five-Year Plans - carry an environmental statement or incorporate such a statement by reference.

25. While Bhutan has become increasingly progressive in both national and global environmental management, its limited capacity continues to be a major impediment in both fully realizing its national environmental management goals and objectives, along with enhancing its participation in global environmental management initiatives. Like in many other countries, Bhutan's capacity development strategies for environmental management have hitherto mostly been compartmental. Notably, they have addressed the specific needs of a particular Ministry, Department or Division, while very rarely looking at complementarity and linkages with external agencies. Other main shortcomings of previous capacity development efforts include: (i) excessive focus on training and human resources development; too little emphasis on broader institutional strengthening and system enhancement issues; (iii) absence of broad-based stakeholder consultations during planning; and (iv) limited or no prioritization of needs.

26. As mentioned above, the UNDP-GEF National Capacity Self-Assessment (NCSA) Project provided Bhutan with the opportunity to examine the big picture of national capacity development issues, needs and priorities (at individual, institutional and systemic levels) related to global environmental management, followed by an identification of actions to address them in a manner that is comprehensive and synergic. This process also enabled the country to create enhanced awareness of what it means for a country in real terms to ratify an MEA concerning environmental management responsibilities and commitments. Notably, the need for capacity development in the area of EA came out as a recurrent capacity need priority in all the three thematic assessments during the initial NCSA process.

2.1.2 Opportunities for Mainstreaming Bhutan's Global Environmental Objectives into its Decentralization Process

27. The RGoB has been steadily trying to decentralize power away from the capital moving parts of its administration to the 20 dzongkhags (districts) and 201 geogs (blocks of villages). It started the process in 1981 by establishing the *Dzongkhag Yargye Tshogchung* – or **District Development Committees** (hereafter **DYTs**) – and continued ten years later by establishing the *Geog Yargye Tshogchung* - **Block Development Committees - GYTs** (for specific details on the DYTs and GYTs, see Section 2.2.5). The objective was to promote local socio-economic development strategies and initiatives by empowering the people to participate in and make decisions on their own plans and programmes, while enabling them to adopt approaches and practices that suits local needs. In 2002, the DYT and GYT *Chathrims* – or local government Acts - were revised and re-enacted. Together these two Acts comprise the essence of national decentralization policy. They transfer a significant amount of responsibility - and hence burden - onto the regional level (District and block), as they enhance the powers and functions of the local community bodies with regards to planning, decision-making, and implementation of development programmes at the *dzongkhag* and *geog* levels.

28. As part of this overall decentralization process, Bhutan is striving to translate its policy of environmentally sustainable development into on-the-ground actions. It also presents an opportunity to pursue environmental management based on a participatory approach in a departure from the conventional state-driven approach. So far, key implementation responsibilities related to the implementation of the EAA have been

transferred to the District and Geog levels. More specifically, the *Chathrims* include several provisions for environmental management at the local level. These are listed in Annex 2. ***Notably, not only are many of these provisions directly related to the implementation of the EAA; many are also of high relevance to the Rio Conventions.***

29. However, while the systemic capacity in support of this transfer of responsibilities is strong in terms of legislative framework, the lack of local individual capacity in terms of knowledge, skills, experience and institutional support remains a major impediment for the new mandated implementation, compliance, and monitoring of environmental management. As mentioned above, the NCSA process highlighted these capacity gaps at the local levels as one of the greatest barriers to effective local environmental management. Accordingly, a concerted effort to develop local capacity for cross-cutting, effective and sustainable environmental management is one of the highest priorities for the country in the coming decade. It is therefore vital to build on past initiatives and lessons learnt and consolidate local environmental governance through continuous and vigorous capacity development.

2.2 Baseline Information

2.2.1 Environmental Baseline - Bhutan's Environmental Endowment

30. The following presents a brief overview of Bhutan's environmental endowment. For more details, please see Annex 3 for a threats and root cause analysis of Bhutan's environmental endowment.

31. Bhutan's *biological resources* are among the richest and most diverse in the world. It ranks among the top ten percent of the countries with the highest species density (species richness per unit area) and is one of the countries with the highest proportion of forest cover in the world. The country is known to have more than 5,400 species of vascular plants, 600 species of birds and 190 species of mammals in the wild. These include several globally threatened species such as the tiger *Panthera tigris* and snow leopard *Uncia uncia*.

32. With regard to *climate change*, Bhutan stands out as one of the countries with greenhouse gas sequestration capacity. This is largely due to vast forest cover, limited industrialization, and use of clean energy. The first National Greenhouse Gas Inventory published in 2000 has estimated total greenhouse gas emission at 255.16 giga-grams. The main greenhouse gases – carbon dioxide, methane and nitrous oxide – make up almost 98 percent of the total emission, with carbon dioxide alone accounting for 89.54 percent. Energy, industry and agriculture sectors have been cited as the main sources of greenhouse gas emission in the country. The country's forest is estimated to be removing 3,549.52 giga-grams of carbon dioxide, making it a net greenhouse gas sequester.

33. In terms of *land use and cover*, forest is by far the most dominant land cover, with 72.5 percent (including 8.1 percent scrub forest) of the country under forest cover – one of the highest in the world. Almost all of the forests are natural, with plantation forest being just about 0.2 per cent. Many areas of forests extensively function as tsamdo (pasture land). People also maintain certain tracts of forest as sokshing, i.e. woodlot for production of leaf litter used in farmyard manure. In addition, rural communities extract timber, fuelwood, roofing shingles and many edible, medicinal and aromatic plants from the forests. Although 79 percent of the Bhutanese population primarily depends on agriculture, only 7.7 percent of the country is presently arable agriculture land. The main land uses for agriculture are (i) dryland cultivation; (ii) wetland cultivation; (iii) slash-and-burn cultivation; and (iv) mixed cultivation.

2.2.2 Environmental Stresses and Their Cross-cutting Nature

34. Given the both national – and global - importance of Bhutan's rich natural endowment in terms of climate change, biodiversity and land degradation, sound and effective management of Bhutan's land, forest and water

resources yields significant global benefits. However, although Bhutan is committed to ensuring a future where the natural environment is still well preserved, environmental problems are gradually mounting, primarily due to (i) rapid population growth; (ii) accelerating pace of development; and (iii) socio-economic transformation. The main pressures on the environmental resources can be considered either human or naturally induced. The following provides a brief overview of the main threats and challenges, as they were identified during the initial NCSA process. Based on this initial work, an elaborate Threats and Root Cause Analysis of Bhutan’s environmental endowment was prepared and is provided in Annex 3.

35. In several places, where population density is high, localized deforestation is increasingly occurring and the local populations are experiencing shortage of forest products more and more, such as fuelwood⁶, house-building timber, and bamboo and cane. Pollution is emerging as a major problem as a result of an increase in industrial activities, number of motor vehicles, and generation of solid waste. Forest fires remain a recurrent phenomenon. While conservation of the natural environment is an overriding national priority, economic activities and support systems can only intensify or expand onto steeper and less suitable terrain, where the inherently unstable geological conditions and climatic factors increase the land’s susceptibility to degradation. Unsustainable agricultural practices - such as increased and unmanaged irrigation of paddy lands on steep slopes or practice of tseri with shortening of fallow cycle - have caused land degradation in several areas. Also, agricultural production is becoming increasingly intensive, as farmers transit from traditional subsistence farming to market-based, high yield production practices. Moreover, overgrazing persists in many areas despite strict rules and regulations. Use of grazing areas without any management and often far exceeding the land’s carrying capacity has diminished the productivity of such land. Development of infrastructure, such as roads, while necessary for public welfare and economic growth, is highly environmentally challenging because of the unstable geologic conditions, rugged mountain terrain, and heavy monsoons. While Bhutan itself is a net greenhouse gas (GHG) sequester, the country - given its fragile mountain ecosystem - is highly vulnerable to the impacts of climate change caused by GHG emissions by other countries. In recent years, the country has experienced some unusual weather conditions, leading to severe landslides and flash floods.

36. *What should be noted is that several of these environmental issues and concerns cut across more than one thematic area of global environmental management - i.e. biodiversity, climate change or land degradation.* During the NCSA process, the below Table 2 was prepared, which provides an overview of Bhutan’s key environmental issues and concerns in relation to these three thematic areas of global environmental management. Hence, an important outcome of the NCSA process was a creation of an initial awareness among key environmental stakeholders in Bhutan that many of these challenges are best addressed and tackled with an integrated environmental management approach that cuts across at least two or more of these thematic areas. This proposal is therefore very much in support of this new momentum.

Table 2: Overview of key environmental issues and concerns in relation to the thematic areas of global environmental management

Environmental Issues and Concerns	Biodiversity	Climate Change	Land Degradation
Overgrazing	X	X	X
Excessive Wood Consumption	X	X	X
Unsustainable Collection of Biological Resources	X		X
Poaching and Wildlife Trade	X		
Forest Fires	X	X	X

⁶ The country is known to have one of the highest per capita fuelwood consumption in the world, at 1.27 tons per annum.

Human-Wildlife Conflict	X		
Inadequate Transboundary Cooperation for Protected Area Management	X		
Infrastructure Development	X		X
Pollution		X	X
Natural Disasters	X	X	X
Unsustainable Land Use and Management	X		X

Note: “X” denotes direct relevance to the thematic area

Source: Bhutan’s National Capacity Self-Assessment for Global Environmental Management and Action Plan, Revised draft, 20 September 2005, Thimphu, Bhutan.

2.2.3 Strategic Baseline - Environmental Priorities in Bhutan’s National Development Framework

37. In 1972, His Majesty the King pronounced the guiding philosophy of Bhutan’s development process to be the pursuit of Gross National Happiness (GNH), which translates into maintaining a balance between material progress and spiritual well-being. As such, GNH rejects a singular focus on economic growth as measured by Gross National Product only and instead tries to accommodate other aspects of development as well. In the sphere of public policy, GNH has translated into four main pillars: (i) Sustainable and equitable socio-economic development; (ii) *conservation of the environment*; (iii) preservation and promotion of culture; and (iv) *promotion of good governance* [emphasis added]. A central key to GNH-based public policy is the requisite search for balance, both within and between the pillars. The proposed project is fully in line with two of the GNH pillars, along with their underlying principles.

38. Bhutan is one of the very few countries in the world, which has incorporated environmental conservation and sustainable management as a constitutional mandate. In 2001, in response to an accelerating development process, the King challenged the nation to embrace a system of parliamentary democracy by 2008. Hence, the RGoB, through a participatory process prepared the *Constitution of the Kingdom of Bhutan*. Article 5 of the draft constitution states the importance of environmental conservation, of maintaining natural resources, and emphasized that the Government, Parliament and *all Bhutanese people* have a role and responsibility to achieve these environmental goals. Hence, the proposed project is also fully aligned with this Article.

39. Moreover, the proposed project is prepared in response to the *Bhutan 2020: A Vision for Peace, Prosperity and Happiness*, which provides a 20-year strategy for development and goals. This Strategy is designed around the main tenets of GNH and features environmental conservation as one of the five main development objectives and emphasizes the need to “*ensure that choices made in response to the many challenges that confront the nation embody the principle of environmental sustainability and do not impair the biological productivity and diversity of the natural environment.*”

40. In terms of national planning documents, there is a strong correlation between the proposed project and the current *Ninth Five Year Plan* (2002-2007) of the RGoB. Responding to the GNH philosophy, the Ninth Five Year Plan accords high priority to both infrastructure development, improvement in the quality of social services and to the *preservation and promotion of culture and of the environment*. Moreover, the Ninth Five Year Plan also aims to consolidate the ongoing decentralisation process. As mentioned below (in Section 2.2.4), the revised Local Government Acts provide additional authority to Dzongkhag (District) and Geog (Block of Villages) Development Committees in the formulation, implementation and monitoring of development activities.

41. Finally, the recently prepared *Poverty Reduction Strategy Paper*, prepared with support from the World Bank, directly supports implementation of the Ninth Five Year Plan, including the ingrained environmental objectives and decentralisation.

2.2.4 Policy Baseline - Key Framework for National Environmental Management and its Decentralization

42. From a systemic capacity point of view, Bhutan has created a strong and comprehensive policy and legal framework for environmental management. The following focuses on the National Environment Strategy titled “*The Middle Path*” and the *Environmental Assessment Act 2000*. The former is the main overarching environmental strategy, while the latter is the key piece of legislation in terms of broad cross-cutting environmental management. Beyond being closely aligned with Bhutan’s overall development framework, this project proposal is responding directly to explicit needs and priorities set out in both. For a detailed overview of the whole sectoral framework, please see Annex 4.

43. Launched in 1998, the National Environment Strategy was derived through an inter-sectoral and consultative process. The Strategy, which is equivalent to a National Sustainable Development Strategy in essence, enshrines the concept of sustainable development and identifies three main avenues for such development: (i) hydropower development based on integrated watershed management; (ii) agricultural development based on sustainable practices; and (iii) industrial development based on effective pollution control measures and environmental legislation. It also examines a number of areas of special importance for environmentally responsive economic development. These include tourism, roads, financing mechanisms for sustainable development, public health, urbanization, gender and natural resource management, *environmental impact assessments*, and population. Finally, it ***goes on to outline five key cross-sectoral needs that the country must effectively address to integrate environmental considerations into economic development planning and policy-making.*** These needs pertain to: (i) *information systems* and research; (ii) *institutional development and popular participation*; (iii) policies and legislation; (iv) *training* and education, and (v) *monitoring, evaluation and enforcement*. Hence, the planned project activities – in envisioned partnership with other initiatives - will respond directly to these needs.

44. As mentioned earlier, in 2002, the DYT and GYT *Chathrims* – or local government Acts - were revised and re-enacted. Together these two Acts comprise the essence of national decentralization policy. They transfer a significant amount of responsibility - and hence burden - onto the regional level (District and block), as they enhance the powers and functions of the local community bodies with regards to planning, decision-making, and implementation of development programmes at the *dzongkhag* and *geog* levels. These Acts play a key role in the envisioned translation of central-level environmental development and management policy into on-the-ground actions. They also present an opportunity to pursue environmental management based on a participatory approach in a departure from the conventional state-driven approach. More specifically, through these Acts key implementation responsibilities related to the implementation of the EAA have been transferred to the District and Geog levels, as they include several provisions for environmental management at the local level. These are listed in Annex 2.

45. In terms of the *Environmental Assessment Act* (EAA) (2000), it is overarching, in that it *relates to environment in a holistic manner and applies to a wide range of activities across a number of sectors*. The project focus on this Act and capacity development for its effective implementation is therefore in sync with the required cross-cutting capacity building emphasis of CB-2. More specifically, by enhancing Bhutan’s capacity to effectively implement this Act, Bhutan’s overall environmental management will improve, which in turn will lead to both national and global environmental benefits. The Act establishes procedures for the assessment of potential effects of strategic plans, policies, programmes, and projects on the environment, and for the determination of policies and measures to reduce potential adverse effects and to promote environmental benefits. The Act requires the RGoB to ensure that environmental concerns are fully taken into account in a

cross-cutting fashion when formulating, renewing, modifying and implementing any policy, plan or programme, as per regulations that may be adopted within the appropriate provision of the Act. It makes environmental clearance (EC)⁷ mandatory for any project or activity that may have adverse impact on the environment.

46. To implement the EAA, regulations were promulgated in 2002 for the environmental clearance of projects and for strategic environmental assessment. *The Regulation for the Environmental Clearance of Projects* (2002) defines responsibilities and procedures for the implementation of the EAA concerning the issuance and enforcement of EC for individual projects and to:

- Provide meaningful opportunities for public review of potential environmental impacts of projects;
- Ensure that all projects are implemented in line with the sustainable development policy of the RGoB;
- Ensure that all foreseeable impacts on the environment, including cumulative effects, are fully considered prior to any irrevocable commitments of resources or funds;
- Ensure that all feasible alternatives are fully considered; ensure that all feasible means to avoid or mitigate damage to the environment are implemented;
- Encourage the use of renewable resources, clean technologies and methods; ensure that concerned people benefit from projects in terms of social facilities;
- Help strengthen local institutions in environmental decision making; and
- Help create a uniform, comprehensive data base on the environmental and cultural conditions and assets in the country.

47. To support the implementation of the EA Act and Regulation, sectoral EC application guidelines have been prepared for highways and roads, forestry, hydropower, industrial projects, mines, power transmission and distribution lines, urban development, and tourism projects. In addition, *environmental codes of practice* (ECOP) have been formulated for storm water drainage system, installation of underground and overhead utilities, tourism activities, and roads, and environmental discharge standards have been set to control pollution.

48. The related *Regulation for Strategic Environmental Assessment* (SEA) (2002) was promulgated with the specific purpose to:

- Ensure that environmental concerns are fully taken into account by all government agencies when formulating, renewing, modifying or implementing any policy, plan or programme, including FYPs;
- Ensure that the cumulative and large scale environmental effects are taken into consideration while formulating, renewing, modifying or implementing any policy, plan or programme;
- Complement project-specific environmental reviews as per RECOP and to encourage early identification of environmental objectives and impacts of all government proposals at appropriate planning levels;
- Promote the design of environmentally sustainable proposals that encourage the use of renewable resources and clean technologies and practices; and
- Promote and encourage the development of comprehensive natural resource and land use plans at the local, dzongkhag (District) and national levels.

49. It outlines the duties of government agencies formulating, renewing, modifying, or implementing any policy, plan, or programme, the principles of strategic environmental assessment, and essential contents of the environmental statement.

2.2.5 Institutional Baseline - National Environmental Management and its Decentralization

National level

⁷ Article 6.11 of the EAA defines Environmental Clearance as the decision, issued in writing by the NECS or the relevant Competent Authority, to let a project proceed, which includes terms (and conditions) to ensure that the project is managed in an environmentally sound and sustainable way.

50. In 2005, The **Department of Local Governance (DoLG)** was created in the Ministry of Home and Cultural Affairs (MoHCA) to support, guide and coordinate the administrative machinery at local levels to fulfill the decentralization process. The DoLG is responsible for enhancing, on a continuing basis, the capacity of local governments. Notably, this Department has also been assigned as the nodal agency for overall coordination of natural disaster management activities. The new department is already working on a number of important initiatives, such as among others, a strategy for coordination of geog- and district-level capacity building, a system to better monitor and evaluate local governance and development, and the drafting of a regulatory framework for the Co-operatives Act of Bhutan 2001 (see Section 2.2.6).

51. In terms of environmental management, until the early 1990s, the country's environmental conservation programme was by and large limited to forest and wildlife conservation by the Department of Forests. Over the years, the scope and institutional framework for environmental conservation have expanded. Today, a number of organizations share the responsibility of implementing activities related to environmental management.

52. The **National Environment Commission** in its present form was constituted in September 1998, as it was de-linked from the Planning Commission to serve as a more vigorous, autonomous government body. It currently serves as high level body with inter-ministerial representation for policy decisions and guidance on matters related to environmentally sustainable development and institution of measures to integrate environmental management in overall development process. The Commission is currently chaired by the Prime Minister and is served by an independent Secretariat, also chaired by the Prime Minister.

53. The NEC is served by **the NEC Secretariat (NECS)**, which is the national Focal Agency for the CBD and UNFCCC. Its Technical Division is responsible for research, monitoring, statistics, environmental assessment, information, communication and outreach. The Policy and Coordination Division deals with matters related to environmental policy, legislation and programme coordination. A National Ozone Unit (NOU) has also been set up within the NECS to carry out the obligations related to the Montreal Protocol on Substances that Deplete the Ozone Layer and to oversee and ensure the implementation of the recently-adopted Rules and Regulation on Control of Ozone Depleting Substances.

54. The **Ministry of Agriculture** is the overall authority for management of renewable natural resources (RNR), which includes the agriculture, livestock development and forestry sub-sectors. It is made up of three technical departments: (i) Department of Forestry, (ii) Department of Agriculture, and (iii) Department of Livestock. Apart from these technical departments, the Ministry directly operates a number of non-departmental services and facilities. These include the National Biodiversity Centre, Bhutan Agriculture and Food Regulatory Authority and Information and Communication Services. It has also established a Council for RNR Research to oversee, guide and coordinate the implementation of research programmes by the regional RNR Research Centers and other facilities such as the National Soil Services Center and Agro Meteorology Section. The National Soil Services Center is also the designated National Focal Point for the UNCCD.

55. The key functions of the MoA are to: develop agriculture, livestock and forests for the benefit of the Bhutanese people through continuous research and development process; raise the living standard of rural people through promotion of agro-based income generating activities, reduction of farming drudgery, improvement of nutrition and health, and access to services, market and information; protect the natural environment through sustainable and judicious use and management of its land, water, forest and biological resources; and ensure food safety through preventive and mitigation measures.

56. The **Ministry of Trade and Industry** has established an Environmental Unit to protect the quality of the country's air, land and water resources from the impacts of industrial and mining activities. In terms of environmental management, the Ministry's Department of Trade has the responsibility to facilitate import of improved quality of fossil fuels and to ensure the import or export of Ozone Depleting Substances in

accordance with the requirements of the Rules and Regulations on Control of Ozone Depleting Substances 2005. The Department of Industry is entrusted with the responsibility to foster sustainable industrial development in harmony with national objectives and priorities, including environmental management needs. The Department of Energy has sustainable and environment-friendly development of hydropower resource as one of its key objective. In addition, it has the mandate to pursue an alternate energy programme to promote replacement of polluting (global warming) energy by renewable, clean, and environment friendly energy. The Department of Geology and Mines' activities include geological mapping, mineral exploration, and geotechnical services such as geologic hazard and risk assessments. It also carries out monitoring of glacial lakes and risks of glacial lake outburst flood and implements mitigatory measures. It also has the responsibility to implement the Mines and Mineral Management Act 1995 and Mines and Mineral Management Regulations 2002, both of which encompass substantive environmental management provisions.

57. Under the **Ministry of Works and Human Settlement**, the Department of Roads is promoting environment-friendly road construction and has developed environmental codes of practice for road construction activities. The Ministry's Department of Urban Development and Engineering Services key functions pertain to balanced and sustainable development of human settlements, development of basic urban infrastructure, conservation of environmental character and physical cultural traits in urban centers. City Corporation has been established for the two largest towns, Thimphu and Phuentsholing. These Corporations have the responsibility for implementing urban development plans, involving effective use of land for development of urban infrastructure and management of urban lands, including against environmental degradation such as due to pollution.

58. Other government agencies that are relevant to environmental management include the **Department of Revenue and Customs, Road Safety and Transport Authority**, and **National Institute of Traditional Medicines** With the recent adoption of the Rules and Regulation on Control of Ozone Depleting Substances, the Department of Revenue and Customs have direct responsibility for monitoring the import and export of Ozone Depleting Substance through regular checks and verifications. It also assists the Department of Forestry in the implementation of legal controls and regulations on trade in wildlife parts and products. The Road Safety and Transport Authority is responsible for enforcement of vehicular emission standards and conducts periodic vehicular emission tests and emission certification across the country. The National Institute of Traditional Medicines is involved in the promotion of domestic propagation of medicinal plants found in the wild and in research on indigenous knowledge about biodiversity for use in traditional medicine.

59. **In terms of EA and SEA**, as mentioned earlier, the Annex 2 of the Regulation for the Environmental Clearance of Projects designates a number of agencies as competent authorities to screen, issue or deny environmental clearance for the projects/ activities listed in that Annex. The existing list of competent authorities includes: (i) Department of Industry; (ii) Department of Trade, and (iii) Department of Geology and Mines under the **Ministry of Trade and Industry**; (iv) National Authority for Construction Standards and (v) Quality Control and City Corporations under the **Ministry of Works and Human Settlement**; and (vi) Department of Forestry and (vii) Department of Agriculture under the **Ministry of Agriculture**.

District/Dzongkhag level

60. At dzongkhag and geog levels, the *Dzongkhag Yargye Tshogdus* (**District Development Committee - DYT**) and *Geog Yargye Tshogchungs* (**Block Development Committee - GYT**) are vested with the power and responsibility to implement environmental management functions in line with the Local Government Acts (DYT and GYT Chathrim).

61. At the district level, the **Dzongkhag/District Administrations** are the executing agency of development programmes and activities. Headed by the *Dzongdag* (District Administrator), they are made up of representatives from the agriculture, livestock and forestry dzongkhag sectors, in addition to from other

government sectors, such as health, education and engineering. Dzongkhag policies, plans and programmes are reviewed, approved and guided by the DYT. This Committee is made up of: (i) a Chairperson, who is elected from among the voting members; (ii) elected National Assembly Members (*chimis*) as ex-officio voting members; (iii) elected local leaders (*gups*) as ex-officio voting members; (iv) elected assistants (*mangmis*) as ex-officio voting members; (v) a representative of municipalities/ towns as a voting member; (vi) Deputy District Administrator (*dzongrab*) as ex-officio non-voting member secretary; (vii) the Sub-district Chief Executive (*dungpas*) in dzongkhags with such posts, as observers; and (viii) other representatives of municipalities/ towns as observers. Overlaid upon this horizontal structure is a vertical one emanating from the sectoral ministries in the Capital. This, the DYT also has as non-voting members: the District-level Planning Officer (MoP), Finance Officer (MoF), Education Officer (MoE), Head Engineer, Agricultural Officer (MoA), Forestry Officer (MoA), Animal Husbandry Officer (MoA) and Health Officer (MoH).

62. In response to the transfer of responsibilities, over the last year, Dzongkhag Administrations, supported by NECS, have formed **Dzongkhag/District Environmental Committees (DECs)** in each of the 20 Districts. The DEC is chaired by the Dzongdag and made up of existing dzongkhag officials such as the Dzongkhag Planning Officer, Dzongkhag Agriculture Officer, Dzongkhag Forestry Officer, Dzongkhag Engineer, and Dzongkhag Land Records Officer. They are responsible for ensuring integration of environmental concerns into dzongkhag plans. They have also been mandated with the implementation of environmental assessment and clearance procedures for dzongkhag and geog level projects and activities that are small-scale and unlikely to have any major adverse environmental impacts. Notably, the formation of DEC is in line with the RGoB's decentralization policy and the requirement of the Environmental Assessment Act 2000. It is also intended to cut down the bureaucracy and time involved in the environmental assessment and clearance of smaller projects and activities. Notably, the DEC does not yet have specific administrative support.

Geog/local level

63. Responsibilities for geog-level planning, management and implementation of development programmes and activities lie with the Block Development Committee (GYT). It is chaired by an elected local leader (*gup*), supported by an elected assistant (the *maangmi*). The other voting members in the GYT are the *tshogpas*, each of whom represents a village or cluster of villages. The GYT also has non-voting members, including the *chimis*, in whose constituency that geog falls, and the clerk (*gaydrung*). Finally, representatives of various sectoral agencies at the geog level sit in the GYT as observers. In relation to renewable natural resources (RNR) activities, the GYT is aided by the **Geog RNR Center**, which is in place in most geogs. The Geog RNR Center has extension agents for agriculture, livestock development and forestry. Notably, the programmes and activities of the Geog RNR Center are supervised and monitored by the respective sectors in the Dzongkhag Administrations.

Independent/Non-government Organizations

64. Bhutan has very few non-governmental organizations. The **Royal Society for the Protection of Nature (RSPN)** is the only one dedicated to environmental conservation. The forte of the RSPN is environmental education. It is also actively involved in activities to protect the black-necked crane and, of late, white-bellied heron. The RSPN's role in biodiversity conservation has become larger in light of the fact that it has now been accorded the parastatal responsibility for conservation management of a number of natural areas such as Phobjikha valley, Ada (Wangduephodrang), Kangpara (Trashigang), and tri-junction of Chukha, Haa and Samtse dzongkhags.

65. There are a couple of environment-related national financing institutions. One is the **Bhutan Trust Fund for Environmental Conservation**, created in 1992 and legally incorporated under the Royal Charter in 1996 as an independent grant management organization to sustain environmental conservation work in the country. The other is the **Sustainable Development Secretariat**, which has been established as a semi-autonomous national

agency to coordinate, disburse and monitor financial assistance to Bhutanese organizations under the Sustainable Development Agreement, a cooperation framework between Benin, Bhutan, Costa Rica and the Netherlands.

2.2.6 Programmatic Baseline

Capacity development - for the overall decentralization process

66. Bhutan's decentralization has been moving steadily from de-concentration, in which centrally defined tasks are carried out by a local manager, to a more significant devolution of power and responsibilities. In terms of capacity development needed for the broader decentralization process, there have been individual capacity building efforts made by different sectors, which have made useful contributions towards enhancing the skills of local governments.

67. One of the most significant efforts is a joint *Decentralization Support Programme*, where UNDP, UNCDF, SNV and DANIDA have agreed to jointly cooperate in assisting the RGoB in the area of decentralization. In support of the RGoB's decentralization policy, this Programme aims to (i) create a local enabling environment for effective implementation of the decentralization policy; (ii) enhance citizen participation in local planning, decision-making and implementation management through provision of capital investment funds to 40 geogs; (iii) support to the implementation of the 2001 Co-operatives Chathrim; and (iv) enhance capacity in MoHCA to provide overall management support for the decentralization policy, including regular participatory policy reviews. The Programme has been designed to facilitate support to three levels of governance in Bhutan: The center; the District and the Geog.

68. Recently, as part of this Programme, the DoLG has been reviewing past decentralization-relevant training efforts conducted in order to assess training needs/constraints put forth by the local elected leaders in various fora. The overall objective of this new initiative is to strengthen the capacities for local governments to undertake their roles and responsibilities within the framework of decentralization. Among the areas identified for training of local governments are: (i) Development planning and prioritization; (ii) budgeting and financial procedures; (iii) financial management; (iv) office management; and (v) GYT/DYT Chathrim and orientation in decentralization.

69. Hence, in an effort to harmonize and institutionalize capacity building activities for local governments into the overall decentralization development process, DoLG proposed an integrated *Capacity Development Plan* for both DYT and GYT, which is to be prepared in collaboration with all relevant sectors. This plan will respond to the identified needs, as it will concern training in administrative, financial and office management. Moreover, it will development knowledge and skills for planning, implementation, monitoring, etc. of development works and other human resource development activities pertaining to or emanating from their roles and responsibilities outlined in the DYT/GYT Chathrim 2002. As part of this process, the DoLG anticipates the planning and incorporation of annual capacity building work plans, which will concern human resource development in the Districts.

Capacity development - for decentralized environmental management

70. **Systemic level:** As mentioned earlier, past and ongoing activities have left Bhutan with a relatively comprehensive legislative framework for its environmental management. Moreover, the ongoing DANIDA EUSPS is further enhancing this necessary systemic framework by developing a *National Environmental Protection Act* (NEPA) and *Water Act* (WA). While cross-cutting in terms of scope, the EA Act is purely sectoral in nature and deals mainly with environmental issues at the project level. It was therefore recognized that a comprehensive umbrella was needed to provide the framework for natural resource and environmental management. Hence, the NEPA will form the basis for the comprehensive legal framework for the overall

environment sector. It will clearly enshrine the powers and duties of not only the NEC and NECS, but also of the various line agencies in order to avoid conflict of jurisdiction and over-lapping of responsibilities and duties. Thus, the NEPA will ensure a clear line of command and control. It will also lay out rights to a clean environment and responsibilities for environmental protection. The drafting of the latter – the Water Act – has been initiated, but not finalized, mainly because of unresolved issues related to the institutional aspects in the water sector.

71. **Institutional/individual level:** In terms of institutional and individual capacity, during the period of 1997-99, the past UNDP Strengthening Environmental Management and Education in Bhutan – also known as the *Capacity 21 Project* - implemented a wide range of activities to address the following issues: (i) Build institutional capacity through improvement of institutional coordination, development of joint strategies for environmental management and training, both for key personnel in relevant organizations and for the rural resource users; (ii) train key personnel in government agencies, non-governmental organizations, and private sector to incorporate improved environmental practices and principles into renewable natural resources management practices; and (iii) support environmental education and RNR extension activities in the schools and for community leaders in the geogs and district levels to enhance people's participation in more sustainable land use and environmental management activities. The aim was to better incorporate environmental considerations into national development planning from the grassroots level up to the national level.

72. With regards to Environmental Assessment/SEA, since the promulgation of the EAA and related regulations in 2000/2002, NECS has been carrying out the majority of work in relation to the EAA implementation. In 2003, 289 applications were received by the NECS for review for environmental clearance, out of which the majority were granted clearance. On an average, NECS receives 1-3 applications a day for environmental clearances.

73. The process of decentralization takes place from the line ministries at the central level to the Districts by allocation of funds and human resources as specified in the 9th Five-Year Plan. The delegation of power from NECS to the line ministries will therefore not only reach central level, but also the District level. To enhance the speed in which the District can assume environmental responsibilities, the NECS strategy – through the Danida-funded EUSPS – is to initiate the process by establishing models for testing and future replication in selected line ministries and in four pilot Districts. The model building will be done sector-wise (roads, agriculture, forestry, construction, etc.) and through Working Groups consisting of representatives from NECS, the line ministries and the four pilot Districts. The four Pilot Districts will then serve as Regional Centres and will support the other Districts in the region.

The models will include clearly defined division of responsibilities between the central and local level, along with methodologies for technical capacity development that will take into account the manpower and resource limitations in the Government. There will be joint development of capacity at the central and local level, and it is expected that this will result in a smoother decentralization process. In order to accommodate the existing capacity of NECS, only two sectors will be tackled at the time. Road construction and forestry were selected as the first sectors, whereas the selected line ministries were the Ministry of Works and Human Settlement and Ministry of Agriculture. Several departments under each ministry will participate. A broader aim is that the Pilot Districts will not only be active in relation to the EA Act, but will eventually have the capacity to include a broader range of environmental management issues into the planning process and being proactive in relation to environment in general. The testing of the models in the selected line ministries and Pilot Districts is foreseen to demonstrate that a decentralized approach to implementation of the EA Act is beneficial to the environment, the RGoB and the public.

74. Each Dzongkhag Administration has now formed a *Dzongkhag Environmental Committee* (DEC) and the NECS has provided some degree of EA-related training to these committees. Moreover, to address the problem of their missing technical environment management capacity, an ongoing discussion is taking place at the

central level for the Government to place/allocate a specific Environmental Officer within each of the DEC's. In anticipation of this development, NECS, as part of the Danida-funded Programme activities, is currently funding the capacity development of four such Environmental Officers. Four selected candidates are being funded for a 1.5 year Master's degree in Environmental Management at Griffith University in Brisbane, Australia. The plan is that upon finalization of their studies in 2007, these four people will return to Bhutan to be placed in four Districts as Environmental Officers. In the meantime, the expectations are that the Government will agree to assign the additional 16 Environmental Officers to the remaining Districts.

75. At the geog/local-level, in line with the growing emphasis on decentralization and local governance, a number of initiatives have been undertaken in the recent past to mobilize community participation and action in environmental management. These include the formulation of *Micro Environmental Action Plans* through local community awareness building and participation, integrated conservation and development projects in protected areas and their buffer zones, and various community-based environmental projects through the UNDP-GEF Small Grants Programme.

76. With regards to environmental management data, several are common to at least two of the three thematic areas covered by the Rio Conventions. The following table shows examples of such data needs:

Table 3: Examples of Data Needs Common to the Thematic Areas of the Rio Conventions			
Data Needs	Biodiversity	Climate Change	Land Degradation
Land use type	X	X	X
Vegetation type	X	X	X
Forests (type, condition, density)	X	X	X
Soil type	X	X	X
Agriculture type	X	X	X
Fertilizer and pesticide use	X	X	X
Population and human settlements	X	X	X
Livelihood activities	X	X	X
Meteorological data	X	X	X

Source: Bhutan's National Capacity Self-Assessment for Global Environmental Management and Action Plan, Thimphu, Bhutan, 2005.

77. The NCSA process identified the need to design and maintain an Integrated Environmental Information Management (IEIM) System, which addresses common, as well as specific data and information needs. The DANIDA EUSPS is developing such a first generation Environmental Information Management System, which will entail an integrated environmental database customized for application at Dzongkhag (District), regional (RNRRCs, RTIOs), sectoral (MTI, MoA, MoIC) and national (NECS) levels. The database will be installed at the various levels, followed by training of data producers, managers and users. Using this integrated database, a national environmental information portal will be created on NECS's website for public consumption. The EIMS will currently work entirely at the national level. Eventually it would become active at lower levels, but this will take some time.

2.2.7 Critical Gaps and Weaknesses in Baseline

78. While the above baseline activities are making substantial contributions in their own right, by themselves they are not adequate to sufficiently overcome the critical gaps and weaknesses facing Bhutan's environmental management efforts. The following is an elaboration of these barriers:

- **Absence of a central level NECS Focal Point/ management structure in support of implementation and coordination of decentralized environmental management in line with national guidelines and the provisions of the Rio Conventions**

79. In response to the broader ongoing decentralization process, there is a need to strengthen coordination among sectors in the areas of capacity development to promote/facilitate a holistic and integrated area-based development planning as foreseen in the Constitution (Art. 22.18e). Other types of vertical and horizontal coordination are also necessary to reap the central intended results of Bhutan's decentralization strategy – empowerment of the people to manage their own local development challenges. While many responsibilities pertaining to implementation, compliance and monitoring of the EA Act have been transferred to the District level, NECS still maintain a vital role as the interlocutor between the District and central levels. However, there is currently no established function within NECS to address this mandate and responsibilities. As such, NECS is also not in a sufficiently strong position to support and empower the participation of a broader range of local stakeholders. Second, this function is also imperative to support the mainstreaming of the EA responsibilities into the mandated line ministries.

- **Insufficient, un-systematized and un-coordinated continuous environmental management capacity development, especially with correlation to the provisions of the Rio Conventions.**

80. The RgoB, with support from international donors, is implementing programmes to build the system, institutional and individual capacity of local governments to implement the local government Acts (DYT and GYT Chathrims). Yet, in the baseline, this is insufficient to empower local governments to meet their responsibilities related to global environmental management. Despite the above individual capacity building efforts made by different sectors, during the recent mid-term review of the current 9th Five Year Plan, capacity constraints of local governments were found to be one of the main impediments. While most high level officials are well versed in matters, such as the GNH philosophy, the *Bhutan 2020* long-term development strategy and even the Local Development Acts, many of the concepts behind these key documents have not filtered down systematically to all levels of the government apparatus, nor to the general population at large.

81. In order to further operationalize the aspects of environmental management in Bhutan as a whole, a much more concerted effort must be made to (i) develop the EA and environmental management concept from a public policy perspective within Bhutan; (ii) devise ways and means for its systematic operationalization; and (iii) bring the full civil service – both at national, district and eventually local levels – together with the general population, on board as to what these concepts means and how to translate them into effective, integrated and sustainable implementation.

82. During a recent review, the DoLG found that despite progress made, training efforts for local governments have been made on an ad-hoc basis, without being adequately researched and subsequently designed to meet actual practical requirements for application in the field. Alternatively, some efforts were found to be well designed – the problem was then that they were only provided as a one-time initiative, where the need demanded a continuous effort to accommodate changes in information, circumstances or staff. Moreover, often duplications of training, use of differing curricula and methods, along with different trainers, have resulted in waste in resources. Additionally, often conflicting messages were being passed on to the local government functionaries. The frequent and ad-hoc trainings have also led to so-called “workshop fatigue” and the inability of local functionaries to concentrate and participate on their geog's development works.

83. Due to the non-strategic and unsustainable management of capacity development efforts targeted at the local level, the DYT and GYT have repeatedly pointed out the need to coordinate capacity building initiatives and to institutionalize a well-planned Capacity Building Plan, so that each sector involved in capacity building may implement activities in a coordinated manner. Moreover, an additional request put forward stressed the need to ensure that all types of capacity building efforts for community leaders should be conducted in their local areas – whether that be District or Geog level – since travel outside their areas to participate in various training programmes placed a burden on the participants.

84. What is notably not included in the above capacity building efforts include skill-based and sector-specific technical training. In other words, despite the above overall Government-driven training campaign, there will still be a significant and unmet need for addressing environmental management-related institutional and individual capacity gaps at the district level. In sum, there is therefore an urgent need to have more capacity development efforts. These have to be provided (i) on a continuous basis; (ii) in a coordinated fashion; and (iii) be researched and designed to meet specific practical requirements and to institutionalize capacity building activities in a standardized, uniform and sustained manner.

- **Poor institutional support and technical manpower in involved line ministries to respond to decentralized EA/SEA/environmental management mandate**

85. The review of applications, as well as compliance, monitoring and inspection of EA, inevitably involves intensive field verification around the country. For instance, in 2003, the NECS staff performed 53 site verification/visits covering 16 Districts. As part of the EA Act, in order to optimize the use of resources, actual environmental clearance and enforcement responsibilities were allocated to other line ministries with decentralized representation. For instance, this concerns Ministry of Trade and Industry, which is responsible for projects in the field of energy, industries and mines and Ministry of Works and Human Settlement, which is responsible for road construction and urban development. Notably, the line ministries are all represented at the District level and the sector officials work closely with their respective ministries at the central level.

86. One intention was to decrease the time NECS staff use on site visits and enforcement, along with the time utilized by applicants to travel to Thimphu. It was envisioned that this decentralization of responsibilities outside NECS would reduce the Secretariat's direct involvement in the field and would eventually enable the Secretariat to devote resources for issues of national importance. However, to date, although designated as competent authorities, almost all of the agencies assigned to screen, issue or deny environmental clearance do not have neither the expertise or manpower to effectively take on the responsibilities of a competent authority. As a matter of fact, many of the designated competent authorities have reportedly not yet carried out any environmental assessment and clearance responsibility. The EA process is therefore to a large extent still centrally-driven by the NECS because of virtually non-existent EA capacity within mandated line ministries/departments, both at the central and District level. Moreover, because of limited capacity, so far EA has been more focused on the industrial sector and on large and medium infrastructure projects.

87. Also, while SEA is a legal requirement, institutional mechanisms for enforcing it is presently non-existent. There have been consultations between the NECS and the Department of Planning (DoP) to institute SEA within the DoP and integrate SEA in the five-year development planning process. However, the DoP has been hesitant to assume SEA responsibility in absence of implementation guidelines, staff and training.

- **Absence of institutional support and technical manpower within District level authorities (DYTs/DECs) to respond to decentralized EA/SEA/environmental management mandate**

88. At the District level, NECS has initiated the process of devolving related responsibilities for small-scale local projects to this level in keeping with the decentralization policy. Yet, at present, while some progress has been made, the **DYT and GYT**s are still not able to implement these provisions, primarily due to lack of

capacity in both personnel and institutions. Even more importantly, while the DEC's have been established and have specific responsibilities under the EA Act related to environmental impact assessment and strategic environmental assessment, they have neither the capacity, nor tools and facilities to meet these obligations.

89. At present, despite their establishment, at present, the DEC's are operating at close to zero capacity, both at the institutional and individual levels. While 5-6 people from each District have been assigned to each Committee, they currently have neither official office space nor administrative support. Moreover, even though the DEC members represent heads of different sectors, there is currently no assigned technical Environmental Officer in each of the DEC's, who can address the technical environmental tasks and concerns raised in the Districts. Moreover, the existing members also do not have any technical prerequisites for addressing the environmental tasks that have been assigned to the DEC's. These members represent (i) planning; (ii) agriculture; (iii) forestry; (iv) engineering; and (v) land recording – hence they do not have any specific technical expertise in the cross-sectoral technical expertise that integrated environmental management, such as EA and SEA, demands.

90. Consequently, despite the new mandate, many cases of such environmental clearances are bouncing back to the central level, primarily due to the fundamental lack of capacity to address these new responsibilities at the District level. Alternatively, local officials often clear projects without consulting the people who will be affected.

91. An ongoing discussion is taking place at the central level for the Government to place/allocate a specific Environmental Officer within each of the DEC's. As mentioned above, DANIDA's EUSPS activities are currently funding the capacity development of 4 future Environmental Officers through Master's degrees in Environmental Management at Griffith University in Brisbane, Australia. While this initiative will no doubt leave a solid baseline for further work, these people can only cater to four Districts upon return, which leaves a remaining 16 Districts with no environmental technical capacity or skilled manpower. Even if the RGoB assigns the remaining 16 Environmental Officers, they will still need the necessary technical training and supporting institutional setup.

- **Insufficient skilled man-power at the District level for environmental management surveying and technical data compilation, especially of relevance to the provisions of the Rio Conventions**

92. The above severe lack of skilled and sufficient manpower and supporting facilities at the District level points to another gap. Although there is a clear functional linkage between the NECS as the policy and regulatory authority and the various line ministries, especially in the aspects of implementation of the EA Act 2000, until recently the practice of systematic information, data sharing and networking was missing in the existing system. Fragmented environmental data and information existed – and still do – in different formats and quality in the various public and private sector agencies in Bhutan. There was no standardized system of collection, storage and reporting. Roles and responsibilities in relation to environmental data collection were not clearly defined, and capacity to compile the data was insufficient.

93. Many of these challenges will be adequately addressed by the EIM System being put in place by the DANIDA's EUSPS. Yet, to properly 'arm' this new EIM System, one remaining barrier to its efficient use is the limited institutional support and skilled man-power capacity in the field – at the district and geog level in general, and within the DEC in particular – to carry out the needed and useful compilation of data and information.

- **Inadequate connection between existing environmental data collection and the reporting for the Rio Conventions**

94. Finally, currently this EIM System is not set up to specifically accommodate the three National Focal Points for CBD, CCD and UNFCCC in their reporting requirements to the three Rio Conventions. *Notably, as mentioned earlier, not only are many of the GYT and DYT Chatrim provisions directly related to the implementation of the EAA; many are also of high relevance to the Rio Conventions.* Hence, it is imperative that the increasing EA and SEA-related activities in the field – and the subsequent data and information compilation – is connected with and sufficiently reflected/integrated into the mandated reporting to the Rio Conventions. Hence, the link between this EIM System and the three National Focal Points for the CBD, UNFCCC and UNCCD needs to be enhanced to the former accommodates the latter ones in their work and responsibilities, both in terms of setup and nature of data and information provided.

2.3 Project Strategy

2.3.1 Rationale for GEF Intervention

95. The project is fully in line with GEF priorities, as the overall focus of the project is on capacity development, which is of particular relevance to the new GEF Strategic Priority CB-2 (Cross Cutting Capacity Building). Moreover, the Project focuses on enhancing local integrated environmental management, which cuts across the three thematic areas of biodiversity, climate change and sustainable land management, as elaborated in Section 2.2.2. The GEF contribution will therefore have a strategic impact on increasing Bhutan's capacity to implement its MEA obligations efficiently. To achieve this, the project will build on and enhance the baseline activities detailed above.

96. This project will follow up on the NCSA that was carried out in Bhutan from 2004-2006. It will primarily build on the key findings from the NCSA Cross-cutting Report, whereas the related Action Plan is connecting the findings to proposed future capacity development actions and priorities. By enhancing Bhutan's decentralized capacity for national environmental management, the proposed project will increase the level of implementation, compliance and monitoring of environment-related activities. As a result, significant on-the-ground impact will be reached – either on the environment by increasing forest cover or land productivity, or on the threats to Bhutan's environment of global importance, by reducing pressures, such as overgrazing or deforestation. Hence, in turn, the project will lead to important global environmental benefits.

2.3.2 Project Strategy

97. Based on the above baseline context and gap analysis, this project has been consciously designed to complement other ongoing and planned activities. The objective is not only to avoid overlaps, but also to enhance their already planned capacity development efforts by filling identified gaps in capacity needs, both at the central and district levels. Of particular relevance are (i) DANIDA's EUSPS; (ii) the DoLG initiatives supported through the Decentralization Support Programme; and (iii) the two complementary WB/GEF and UNDP-GEF-funded cross-cutting land degradation projects. For specific details on these initiatives, please see Section E – 1.2. Finally, the close linkages to these other initiatives will 'add' the global environmental management dimension onto those and hence the global environmental benefits from the overall impact obtained from the combined project efforts.

98. As mentioned above in Section 2.2.4, past and ongoing activities have led to a strong policy and legislative framework for environmental management in Bhutan. Hence, with GEF's support, this proposed Medium Size (MSP) Project will focus on further enhancing the actual *implementation* of the legal and legislative environmental management mandates by strengthening the needed institutional and human capacities, both at the national and district (Dzongkhag) levels. It is beyond the scope of this project to extend these capacity development efforts to the geog level as well. First and foremost, other both ongoing and planned activities will continue to focus their activities on this level.

99. Moreover, as seen from the above gap analysis, the major existing capacity gaps therefore pertain to the District level – and especially the DECs - which hence constitute the weak link in the overall environmental governance and environmental management chain, which consist of the national, District and Geog level. Without strengthening the “level in between”, it will be even more challenging to enhance the still weak connection between the central level and the geog level, as the District authorities are mandated to play a crucial role in this regard. Focusing the majority of the project efforts on the ‘in-between’ level will also strengthen the foundation on which other ongoing and future project initiatives can build. Hence, both broader governance activities and more thematically focused environmental projects - such as envisioned forestry, energy and disaster management projects⁸ - stand to gain from strengthened DECs, as the scope of their responsibilities will demand their involvement in these projects.

100. A two-pronged project focus will combine capacity development efforts both at the central and district level to strengthen the environmental management abilities of key institutions and stakeholders at the district level. More specifically, an enhancement of institutional and individual capacities for implementation, compliance and monitoring of the Environmental Assessment Act at the national and District levels will improve Bhutan’s overall capacity for sound environmental management in an integrated and cost-effective way. At the central level, through the indicative project activities towards Outcome 1, the Project will concentrate on building the regional management and coordination capabilities of NECS to enhance its capacity as the primary institution for oversight of the implementation of the environmental aspects of the DYT and GYT Chathrim.

101. This focus, combined with the project activities towards Outcome 2, the project will enable the RGoB to not only enhance both the central and local environmental management efforts, but also establish the crucial, yet currently weak linkages between these two governance levels. The capacity development activities especially at the District level will also establish the necessary awareness of the linkages between Bhutan’s national and local environmental management and global environmental benefits. The project emphasis will be on how local environmental management of Bhutan’s natural resources and how the problems facing Bhutan’s ecosystems and their overall use and management relates to Bhutan’s commitments vis-à-vis the three Rio Conventions (UNCBD, UNFCCC, and UNCCD). As such, the project will adopt an upstream approach by ensuring that the institutional and individual capacities at district and central levels to support the decentralization process is fully empowered to address the obligations and commitments under the Rio Conventions.

102. The envisioned activities towards Outcome 3 will further connect these combined efforts to Bhutan’s obligations and commitments under the Rio Conventions. More specifically, through the first two Outcome activities, the project will essentially strengthen the necessary human and institutional capacity for carrying out the important environmental management surveys and data collection in the field. Such surveys and data will provide a fundamental field-based prerequisite for the central level to document and report on how Bhutan has addressed and accounted for its obligations and commitments under the Rio Conventions. Hence, activities towards Outcome 3 will link these field-based activities to the central level by filtering the compiled data and information back to the central level. More specifically, the Project will utilize and enhance the first generation Environmental Management System put in place by DANIDA’s EUSPS, to channel compiled environmental information and data back to NECS, who will then share the information and data with the National Thematic Focal Points for CBD and UNFCCC at NECS and the National Thematic Focal Point for UNCCD at the Ministry of Agriculture for their reporting responsibilities.

103. This project would primarily contribute to the capacity for engagement of the lead environmental institutions and the development of co-management mechanisms. It will also develop the management capacity

⁸ A UNDP Disaster Management Mission was in Bhutan in February 2006 to prepare a National Strategy for Disaster Management for Bhutan. It is envisioned that this strategic planning process is the first step in Bhutan’s response to its natural disasters and that concrete project initiatives will be the next logical step. Such projects will be very depending on strengthened NECs at the District level, as they are mandated to carry out disaster management.

of these institutions through training to improve the skills and knowledge and the mobilization of resources. Within the established project scope, the activities will largely contribute to eight capacity development indicators (see required attachment V. scorecard indicators: 1, 2, 3, 4, 5, 12, 13 & 14) of direct relevance to enhancing global environmental management by mainstreaming the provisions of the Rio Conventions into enhanced decentralized environmental management in Bhutan.

2.4 Project Goal and Objectives

104. The long-term Project Goal is to ensure effective environmental management in Bhutan in support of its national socio-economic goals and fulfillment of its Rio Conventions obligations.

105. The Project Objective is to enhance global environmental management by mainstreaming the provisions of the Rio Conventions into enhanced decentralized environmental management.

2.5 Project Outcomes, Outputs and Activities

106. The above objective will be realized through the following 3 outcomes. (The full logframe is provided in Annex 5).

OUTCOME 1: Enabled central-level framework to enhance decentralized capacity for environmental management and implementation of the provisions of the 3 Rio Conventions

107. Under this Outcome, the Project will concentrate on building the management and coordination capabilities of NECS at the central level as the primary institution for oversight of the implementation of the environmental management aspects of the DYT and GYT Chathrim – or local government laws.

Output 1.1: A functional and sustainable District Environmental Committee (DEC) Focal Point Secretariat established within the NECS with the capacity to manage and coordinate the DEC environmental management tasks and responsibilities

108. A new Secretariat within NECS will be established. This secretariat will consist of one full-time NECS staff member, who will function as the key Government Environmental Focal Point and contact person at the central level for the 20 District Environmental Committees (DECs) in the Districts. The key responsibilities of the person in this position will be to manage and coordinate continuous environmental capacity development training – as opposed to a few targeted, one-time efforts - of the District level in response to the new legal mandates and responsibilities. More specifically, the Focal Point will coordinate and manage all the 20 DECs, primarily through regular contact with the newly assigned Environmental Officers (see Output 2.2). In time, when these Environmental Officers are being assigned to the Districts, the Focal Point will manage these people and be their main contact at the central level. Therefore, the functional Secretariat will not only help improve the operations of the DECs, but will also provide for the means of consistency with the national and global environmental policies. This Output will therefore contribute towards the overall coordination and streamlining of the roles and responsibilities pertaining to decentralized environmental management.

109. Another key function of this Secretariat will be to manage a Training-of-Trainers Programme. NECS will ensure that this Programme will be fully integrated into the ongoing preparation of the 10th Plan. Moreover, to further facilitate this new responsibility, the Project will fund a 1-semester Training-of-Trainers Course of the NECS person assigned to the new Secretariat. Upon return, the new Secretariat member will take responsibility for spearheading the planned Training-of-Trainers Programme activities in the Districts.

110. being developed in a participatory fashion. It will also provide an opportunity to ensure that the NECS work will be fully integrated into the DoLGs work.

Output 1.2: Training-of-trainers learning materials for environmental management awareness and training workshops for DEC members developed

111. Based on the above Assessment, NECS will develop training/ learning materials, guidelines, manuals and Best Practices for the DECs to enable them in assisting the local stakeholders at both the District and Geog levels in the implementation of the local government laws. The material will include flip charts, flannel boards and an illustrated Environmental Management Handbook. The training materials will primarily focus on implementation, compliance and monitoring of the Environmental Assessment Act at the District level. The materials will also elucidate the role of conservation and sustainable use in sustainable development and its linkages to the provisions of the Rio Conventions.

112. An integral part of the training materials will be to clarify the roles and responsibilities of the DEC members, but whenever possible, also to the members of the broader DYT and GYT constituency, in correlation with the new DYT/GYT *Chathrim* Implementation Guidelines. The illustrated Environmental Management Handbook for local communities will be a particularly useful reference material. The project will produce 2,000 copies of the handbook and distribute them to all *Dzongkhag* and *Geog* offices and to MoHCA, MoA, RSPN, and other relevant agencies. The guidelines, tools and manuals will be among the tangible outputs of the project that will continue to be used beyond project completion.

Output 1.3: Enhanced capacity of key staff from NECS and concerned line ministries⁹ to conduct/lead Training-of Trainers initiatives as part of their regular activities related to decentralized development planning, implementation and monitoring

113. The Project will train a small number of central-level experts from NECS and select line ministries, where staff members are involved in addressing the provisions of the Rio Conventions at the District and/or Geog level. These experts will become a resource pool, who will travel to each District and Geog to provide the on-the-job training and carry out the broader awareness raising campaigns based on Outputs 1.2 and 1.3. These activities will focus in particular on how to use the prepared guidelines, manuals and Best Practices.

OUTCOME 2: Enabled decentralized institutional framework and personnel to enhance local environmental management, which include implementation of the Rio Conventions' provisions

114. The activities towards this Outcome will enhance the above-mentioned model for District-level environmental management, which is to be piloted in four selected Districts through DANIDA's EUSPS. Through this Outcome, the Project will address the existing capacity barriers at the institutional and individual level that not only inhibit actual implementation of the newly mandated EA and SEA responsibilities at the District level, but also the mainstreaming of the global environmental management provisions of the Rio Conventions.

Output 2.1: Supportive institutional structure of DECs established in all Districts

115. To address the fact that the newly established DECs currently have no actual institutional facilities to enable them in their work, the Project will support the set-up of the DEC offices in each of the 20 Districts through provision of a designated office space and basic equipment for the DEC members to carry out their tasks. This will further consolidate the presence of the DECs and bring attention to the crucial role this new Committee is mandated to play in decentralized environmental management.

⁹ The concerned line ministries and departments are: Ministry of Trade and Industry, Ministry of Works and Human Settlement; Ministry of Agriculture, Ministry of Finance (Planning Commission), Ministry of Home and Department of Local Governance/Planning Commission.

Output 2.2: Technical environmental management manpower capacity in DEC's in all Districts established

116. Moreover, the project will support the cost of the much-needed Environmental Officers in the Districts for the first 2 years in the 16 remaining Districts beyond the 4 Pilot Districts, which are already covered by the NECS/DANIDA EUSPS. In doing so, all 20 Districts will be brought on an equal footing in terms of addressing their environmental management responsibilities. Hence, it will be possible to enhance the decentralized EA mandate nation-wide, which in turn will lead to a nation-wide improved environmental management. This seed money will ensure that the mandated decentralized environmental management tasks can be addressed and implemented. *A pre-condition for this project investment is that the RGoB will commit to take over the continuous cost of these new human resources.*

117. In close collaboration with the NECS/DANIDA Programme and other key stakeholders, the NECS will finalize the terms of reference of the District Environmental Officers to ensure complete harmonization with the activities spearheaded by the four Pilot Districts.

Output 2.3: Increased capacity and knowledge base amongst the DEC members to carry out decentralized environmental management and compliance in line with global environmental requirements

118. As mentioned above, through the NECS/DANIDA EUSPS, NECS will develop and test models for decentralized implementation of environmental management and EA on a sector-wise basis in four Pilot Districts. Eventually, these pilot *Dzongkhags* - with their improved EA capacity - will serve as Regional Centers for other *Dzongkhags* in their respective regions. The model development will include development and production of sector-wise technical guidelines and procedures for administration and enforcement of the EA process, suite of on-the-job, in-country and ex-country (on selective basis) training, and scholarships in the pilot *Dzongkhags* to receive advanced training/ education in environmental management. Based on these efforts, this Project – in close collaboration with the above Programme - will carry out a series of EA training for all existing DEC members at a countrywide scale. Funds from this GEF-funded project will be used to complement the NECS/DANIDA activities to ensure a continuous technical capacity development effort.

119. Another aim will be to train the new DEC Environmental Officers and other additional DEC staff, which results from staff transfers/ fresh appointments. As such, supported by the joint funding partnership, the NECS will conduct environmental management, environmental assessment and monitoring training for DEC members of all the *Dzongkhags* to equip them with the knowledge and skills required to perform their roles and responsibilities as outlined in the prepared Terms of Reference. During the course of the project, 10 training workshops (of about two weeks each) will be conducted to train DEC members in environmental management, environmental assessment and monitoring.

120. Beyond the training aspects, with support from the Trainers-of-trainers experts developed under Outcome 1, and using the guidelines from Outcome 1, the project will also:

- Review existing steps to manage the environment at the local level, including preparation of local environmental action plans, implementation of local development plans and use of environmental impact assessment and strategic environmental assessment;
- Determine best way to plan and structure the implementation of the Rio Conventions at the local level, in line with ongoing initiatives. This will, for example, include development of a District/Geog Rio Convention *Implementation Plan*, with monitoring framework. It will also include developing guidelines or standards under the EA Act;

- Assist design of priority activities for implementing Rio Conventions, through the *plans* if appropriate. One criteria for selecting priority activities will be the anticipated on-the-ground impact, say on forest cover, or land quality, or deforestation, or grazing levels or such issues;
- Provide technical assistance to priority activities to implementing Rio Conventions.

121. All the above will be accompanied by technical support from the pool, to ensure the ‘learning-by-doing’. Local plans (possibly the Implementation Plans) will be the tangible outputs of the project that will continue to be used after project completion. The plans will have internal monitoring frameworks, to demonstrate success and assist lesson-learning.

Output 2.4: Increased capacity of the DECs to fund decentralized environmental management activities addressing Bhutan’s commitments to implement the 3 Rio Conventions

122. The project will support the provision of expertise needed to assist the DYT and DEC members – on behalf of their local constituency – to prepare funding proposals for local environmental management activities to be submitted to different funding sources, such as the GEF-funded Small Grants Programme. The project support will ensure that these proposals are aligned with the national priorities in terms of compliance with the global environmental Conventions. Short training programmes (five in total) will be designed by NECS to assist DYT and DEC members to produce funding proposals. This will build on the successful Micro-environmental Action Plan (MEAP) process implemented in recent years by NECS and UNDP (see Section 2.2.6). While the MEAP process produced some successful practical projects at the Geog level, it pointed to a considerable lack of simple proposal-writing capacity.

OUTCOME 3: Existing Environmental Information Management (EIM) System enhanced to backstop and accommodate national policy and decision making in response to global environmental management needs as per the provisions of the Rio Conventions

123. Activities towards this Outcome will respond to the identified inadequate connection between existing field-based environmental data and information collection and the mandated central-level reporting requirements for the Rio Conventions. As mentioned earlier, DANIDA’s EUSPS will support the establishment of a System for management of environmental data in NECS. The system will be focused on monitoring of priority environmental indicators. The System will initially build on existing environmental data collected by various agencies, but that are currently not shared and analysed in a broader perspective. The system will be designed in a way that makes later expansion feasible. The data in the System will be utilized for preparation of the State of the Environment Report and theme papers to be submitted to the RGoB. These will also be made available to the public through the NECS homepage and the NECS library. The State of Environment Reports will give important inputs into the Five-year Development Plans and will be a useful tool in identifying gaps in policy making and planning and will prompt introduction of better policies towards safeguarding the environment. The project will train DYT and DEC members to enter data into the web-based EIMS being developed in the DANIDA EUSPS project. It will also introduce them to basic environmental monitoring, to begin the process of District-level data collection.

Output 3.1: Set of uniform indicators and guidance for application are established for measuring the contribution of decentralized environmental management towards meeting global environmental objectives

124. This cluster of activities will further enhance the utility of this EIM System by adding the global environmental management angle onto it. Notably, by building on this EIM System, duplicative efforts in development environmental management indicators will be avoided. Instead the intention is to agree upon and hence utilize a common set of such indicators whenever possible, which will further the cost-effective aspects

of the project activities, while minimizing the work and reporting burden of the RGoB. It will also focus and guide the above environmental survey and data compilation activities.

125. This output will be critical for moving beyond the inclusion of global environmental management issues in planning documents at a conceptual level to practical mainstreaming and implementation. More specifically, the global environmental indicators will provide the tool for evaluating the impact of plans on global Convention objectives. The above Trainers-of-trainers team will work closely together with the already established EIMS Working Group to jointly identify a common set of indicators that would enable the RGoB to demonstrate the contribution of the decentralized environmental management towards meeting the objectives of the Rio Conventions at the national, regional, district – and eventually at a later stage – geog/local levels. ***It should be noted that the latter is beyond the scope of this project.*** The indicator framework will be created based on the nascent indicator systems already in place in Bhutan, namely related to the national development strategy, indicator frameworks established by other GEF-funded projects, such as the two SLM sister projects through the WB and UNDP.

Output 3.2: The Rio Convention Focal Points are enabled to take into account the decentralized environmental management activities in their reporting on Bhutan’s commitments to implement the 3 Rio Conventions

126. Activities toward this Output seek to both enhance the three Focal Points in their reporting mandates vis-à-vis the Rio Conventions by ‘arming’ them with the required technical data and information. The aim is also to initiate a closer Focal Point collaboration. Another objective is to ensure that the accumulated experience of district and local-level stakeholders concerning environmental management is regularly fed into the national agencies’ actions to enhance Bhutan’s overall implementation of its obligations vis-à-vis the Rio Conventions.¹⁰ More specifically, through the EIM System the new District Environmental Officers will be able to provide regular feedback to the central-level responsible parties within NECS, MoA and other line ministries on matters such as: (i) Status of implementation; (ii) barriers for implementation; and (iii) needs of the local stakeholders and local governments to further enhance implementation, compliance and monitoring.

127. The above newly established Environmental Management Focal Point Secretariat will further be tasked with connecting the Convention Focal Points with the EIM System and, hence, the improved environmental survey and data compilation process taking place in the field. As such, the project will connect the Focal Points with a mechanism for the improved management of information applicable to the three Conventions. Through close collaboration with the EIMS Working Group, the intention will be to pool EA information relevant to all three Conventions and incorporate socio-economic information alongside the scientific and technical details. Efforts will work towards the establishment of easier, more efficient and cost-effective collection of information for national reporting requirements.

2.6 Expected global, national and local benefits

128. The overall Project emphasis on capacity development for enhancing global environmental management in Bhutan’s local environmental governance system will lead to strengthened conservation and sustainable use of biodiversity values. This, in turn, will provide benefits, which are significant globally, nationally and locally, with associated direct, indirect use, option, and existence values.

129. ***Global benefits*** will include enhanced conservation of currently threatened globally significant species and habitats through improved implementation, monitoring and compliance with EA procedures. The global community will benefit from the increased protection of different kinds of key ecosystems in Bhutan harboring important biodiversity, unique species and races endemic to this country that are currently under threat.

¹⁰ This will pertain to areas, such as planning, reporting, monitoring, negotiations, etc

Whenever possible, the replication efforts of the project will ensure that these benefits also will derive from areas outside the immediate focus for project interventions in the long-term. Moreover, the close partnerships with other key environmental projects in Bhutan will further enhance these processes due to the combined and coordinated project activities. The resulting increased areas of habitats under enhanced conservation and less threat will improve the quality of ecosystems, such as river basins, watersheds and forestry, which will yield secondary global benefits in terms of improved carbon sequestration potential.

130. **National benefits** accruing from the project will include the enhancement and distribution of overall environmental assessment and management capabilities – both at the central and District levels. The conservation function, which is an integral element of EA, will be better serviced, through improved management effectiveness stemming from the increased institutional support and the strengthened human capacities and skills. Other benefits include: (i) The improved collaboration between public and private stakeholders; (ii) the establishment of improved financial footing for continuous EA through facilitation of project proposal development and (iii) the accumulation of transferable knowledge and skills to other environmental management contexts beyond EA activities. District institutions and organizations, along with their individual staff, will benefit from exposure to new management approaches, improvements in the information base, enhanced capacity to effectively manage and implement their EA mandates and responsibilities, upgraded skill sets through training opportunities, and improved relations with local communities and users. This is expected, in time, to improve the efficiency and optimize the impact of EA, allowing budgetary appropriations to these activities to be used more effectively.

Locally, improved EA will in time enhance the local ecosystems, which are crucial for improved livelihood options to the resident population –both private landowners and local/indigenous communities. As the project will enhance local support for conservation and sustainable use, it will stimulate the development of self-reliance and sustainable economic use of the biodiversity resources. Improved relations with District government agencies and officials will also facilitate the flow of other social and economic benefits to previously disenfranchised areas. The project will provide these stakeholders with the knowledge and mechanisms to adapt their use of the resources in ways that optimize their economic and social welfare, while sustainably conserving their biodiversity values. In addition, secondary beneficiaries, including NGOs and other government agencies and partners in project delivery, will benefit from their own capacity building.

2.7 Sustainability

131. The project design also incorporates the following three strategies for successful capacity development that will be sustainable over time.

132. **Use multiple “entry points”**: The project is designed to work primarily at the institutional and individual levels of capacity – both at central and district levels - so that there are multiple leverage points to further global environmental goals. It will also work at both the policy and planning level and the level of programme and project implementation. It will further work at both national and district/local levels, in order to simultaneously stimulate both “top-down” and “bottom-up” activities that will be mutually reinforcing. For example, interventions at the central level will improve the enabling environment for coordination and implementation of both EAs and convention activities, including increasing the awareness of senior decision-makers. At the same time, interventions at the district/local levels will demonstrate how addressing global issues can have practical benefits for the well-being of local communities. They will also help to motivate district and local environmental and resource managers who are “on the ground”, by providing them with useful tools and techniques to address pressing issues that have both local and global implications.

133. **Identify and strengthen incentives to use capacity**: Recent work by UNDP on Capacity Development (*CD Note*, UNDP December 2005) emphasizes the need to develop incentives for using improved capacity: “capacity does not automatically translate into improved performance and better development results. ...

appropriate incentives need to be present to put them in high gear and in motion towards the desired development destination.” This project will reinforce two kinds of incentives for Bhutanese to protect the environment: (a) legal/moral incentives and (b) practical incentives. Changes to institutional and enhancement of legal frameworks will reinforce the message that Bhutan has global legal obligations, based on its ratification of the conventions. The strengthening of technical capacity at the crucial District level and its practical application in demonstration activities, such as surveying, will show that addressing convention themes can have real and practical benefits at the ground level for communities and other stakeholder by addressing pressing quality of life issues.

134. Notably, as part of the ongoing decentralization process in Bhutan, so far most activities have focused on the planning and legal reform process, while little has focused on implementation. Yet, environmental and resource management officials, especially at the District and local levels continue to face real and pressing issues. The proposed CB-2 project will support them in implementing EA priority plans, strategies and projects, by offering practical technical assistance and training in using integrated resource management in their particular sector(s) and/or region.

135. ***Stimulate local benefits from global initiatives:*** The project will also aim to demonstrate to government personnel and stakeholders that convention-related activities that are intended to generate global benefits can also have local benefits. By supporting a practical application of sound environmental management in a specific sector and region, the Project will demonstrate the linkages between local and global environmental benefits in a more powerful way than by training people about the conventions *per se*. This approach is supported by recent GEF research (*GEF - Office of Monitoring and Evaluation*, October 2005) on “the Role of Local Benefits in Global Environmental Programmes”, to which the GEF Council responded with these recommendations, *inter alia*:

- a) Where local benefits are an essential means to achieve and sustain global benefits, the GEF portfolio should integrate them more strongly into its programming”, and
- b) “Integration of local benefits should be more systematically carried forward into all stages of the project cycle.”

136. In addition to the above overall strategies, the following actions will be taken to ensure sustainability of project outcomes is sustained beyond the lifespan of the project:

137. ***Institutional / legislative/ policy sustainability:***

- Emphasize that project components are consistent with various national environmental and development plans, strategies and programmes and reinforce linkages during the project;
- Promote political consensus, willingness and commitment from senior decision-makers;
- Provide institutional stability by clearly designating personnel with relevant responsibilities;
- Inform senior government officials about the benefits of the project;
- Create partnerships among Government departments, ministries and agencies; among different levels of government; and with civil society and the private sector;
- Identify “champions” at all levels (national, District, local) and in various project activities and disseminate successful experiences;
- Make the project part of the on-going process of convention management and implementation; and
- Build on commitments to synergies outlined in the Conventions, COP decisions and GEF guidelines to provide continued stimulus for progress on integrated approaches.

138. ***Financial sustainability:***

- Secure on-going commitment from recurrent national and decentralized District budgets and from extra-budgetary funds (e.g., for human resources, project co-financing, institutional facilities);
- Make linkages to Danida and other donors, including other GEF projects and enabling activities;
- Explore how revenue from taxes, fines and tariffs can be better used to implement environmental

programmes; and

- Build capacity to mobilize diverse sources of domestic and global funding and in-kind resources, especially through the capacity development at District level to prepare funding proposals.

139. ***Individual capacity:***

- Peer learning / Training-for-Trainers Network which would continue after the project;
- Contact list/ database of experts, resources and experiences; and
- Training materials, curricula, train-the-trainer programmes, and on-the-job learning, along with reinforcement of learning.

2.8 Replicability

140. This project has significant potential for replicability and is designed as such. Overall, by developing inter-ministerial and cross-sectoral coordination mechanisms at the national and district levels - and showing how integrated approaches to environment and development can be both effective and cost-efficient - the project will demonstrate mechanisms with a high potential for replication towards other sectors. These sectors would include transportation, industrial development, land use planning and urban development, all of which provide many opportunities for mainstreaming global environmental objectives into their respective sector activities.

141. The project presents the following specific opportunities for replication, which will be explored throughout the project:

- The Project will work closely with the Danida-funded EUSPS to ensure that the knowledge of the trained Environmental Officers funded by this Programme will be shared and utilized with future Environmental Officers beyond the four Districts, in which they will be placed upon their return from Australia;
- Promotion of the various integrated resource management tools, techniques and training programmes developed during the Project - including the Training-of-trainers Programme and proposal preparation skills - among additional Ministries, agencies and non-government stakeholders such as NGOs. The former might include the Ministries of Agriculture; Health; Ministry of Works and Human Settlements; Transport; and Tourism.
- The strengthened EIM System, which will extend beyond the Project duration, will be a strong tool for promoting wider application and replication of the Project data, findings and results.
- The Rio Convention Focal Points will be encouraged to replicate the cross-cutting and collaborative approach of this Project to other environmental aspects to enhance their overall reporting on environmental issues related to Bhutan's commitment to implement the Conventions.
- In time, the Focal Points should also be enabled to go beyond the three Rio Conventions and further apply the learned reporting methodologies to other MEAs.

142. The following specific measures will be taken to promote the exchange of information during Project implementation and to capture Lessons Learned and Best Practices that could be replicated within the country:

- The planned Train-the-trainer programme will enable the initial trained participants to take the lead in an expanded outreach to and training of additional potential training participants at different levels and in diverse parts of the country;
- The Project will support national, district and local-level seminars, workshops and networking.
- The Project will also share Lessons Learned and Best Practices with other donors and project initiatives for their respective outreach and awareness campaigns; (i) to ensure a systematic approach to public and media outreach; and (ii) to help achieve project outcomes through reaching electronic, radio and print media with national and regional "success stories".

143. It will also be feasible to promote and share Lessons learned beyond Bhutan to other countries, especially ones that are going through a process of environmental decentralization and de-concentration. Given that this Project is a part of an ongoing global NCSA process, the Project will use the already established regional and global NCSA-related networks - such as the NCSA Global Support Programme and different web-based list serves - to share specific aspects of interest from this Project with other NCSA cross-cutting MSPs with a similar project focus, such as the one to be implemented in Romania. Notably, while the two countries have very different environmental, political and social conditions, they still share many similar challenges.

2.9 Stakeholder Involvement

144. **Stakeholder Involvement during Project Design:** The proposed CB-2 project is based in large part on the results of the NCSA process, which included extensive consultation with stakeholders at each stage, including interviews with government and non-government stakeholders, several national and district-level workshops, and numerous working group meetings.

145. This project was further developed on the basis of consultations with a wide range of stakeholder representatives, both during the development of the PDF-A project facility, and the development of the present proposal. Project team members further held individual meetings with key government counterparts, especially in MoA, MoHCA and DADM. The three Convention Focal Points and the GEF Operational Focal Point were kept informed at all stages. Moreover, different broader stakeholder workshops and consultations were held, both at the central and select District levels. A barrier analysis/logframe workshop, which included the international expert, focused on stakeholder response to initial project ideas. Comments were compiled by NECS later. The final proposal was fully endorsed by the Deputy Minister, NECS, and other senior-level government officials, as per attached endorsement letters (5.I)

146. **Stakeholder Involvement during Project Implementation:** The main beneficiaries of the project are NECS, which is responsible for the implementation of the UNFCCC and UNCBD, and the MoA, which is responsible for the implementation of UNCCD. Other core stakeholders to be involved directly in project related activities and initiative include those listed below. See also Annex 5, Stakeholder Involvement Plan, which outlines roles for main stakeholders:

1. National Environment Commission
2. Dzongkhags/Districts, that are directly involved in the project implementation
3. Department of Local Governance
4. Ministry of Finance and
5. Renewable Natural Resources – Research Centre (RNR-RC), Ministry of Agriculture
6. Environmental Units of line ministries, who are directly involved in the project
7. Danida

2.10 Monitoring and Evaluation

147. Project monitoring and evaluation will be conducted in accordance with established UNDP, GEF and RGoB's procedures by the project team and the UNDP Country Office (UNDP-CO) with support from UNDP-GEF.

148. The project manager will prepare and submit project financial and technical progress reports on a quarterly basis to the DADM and UNDP. He/ she will also prepare and submit summative annual project report APR/ Project Implementation Report (PIR) to the DADM and UNDP. The PSC will review these reports during their quarterly and annual meetings. For more regular purpose, the project manager will establish a list-serve to facilitate electronic information exchange on project implementation between various stakeholders. All project related information will be posted on the NECS's website. At the end of the project, a terminal evaluation will

be conducted and the evaluation report will be made available to the DADM, UNDP and implementation partners.

149. The Logical Framework Matrix (in required attachments 5. IV) provides performance and impact indicators for project implementation along with their corresponding means of verification. These indicators and the CD monitoring indicators (see below) will form the basis on which the project's Monitoring and Evaluation system will be built.

150. In line with the GEF results-based management framework which aims at “*designing mechanisms to ensure the measurement of progress*” and the GEF’s need to monitor “*how outputs and outcomes at the project and programme level are progressing towards achieving global environmental benefits*”, the project will use a capacity development monitoring and evaluation scorecard to monitor the project capacity development processes (see scorecard in required attachment V.). This scorecard will track project CD processes along five capacity results. Indicators will be rated to quantify the change achieved and provide information needed for higher reporting purposes at programme level. So far, it is expected that the project capacity development activities will largely be monitored by eight indicators (see required attachment V. – indicators 1, 2, 3, 4, 5, 12, 13 & 14), which are of direct relevance to enhancing global environmental management by mainstreaming the provisions of the Rio Conventions into enhanced decentralized environmental management in Bhutan. The success of the project will therefore be monitored against these indicators only. However, any indirect contribution to other capacity development indicators will also be documented in the project reports, as necessary.

151. This scorecard will be used to establish the project baseline at inception (using PDF-A information), at mid-point of project implementation and finally at the end of project implementation. The rating done at project inception will also provide a useful capacity assessment at the start of the project; including the current areas of weaknesses and strengths. This capacity development monitoring tools will be used by the project implementation team to monitor project progress and also by the evaluators to conduct the MTE and the final evaluation.

152. Audit of project expenditures will be done in accordance with agreed Royal Audit Authority of Bhutan along with UNDP and GEF requirements to the extent possible.

2.11 Legal Context

153. This Project Document shall be the instrument referred to as such in Article I of the Standard Basic Assistance Agreement between the Government of Bhutan and the United Nations Development Programme, signed by the parties on 14 May, 1978. The host country implementing agency shall, for the purpose of the Standard Basic Assistance Agreement, refer to the government co-operating agency described in that Agreement.

154. The UNDP Resident Representative in Bhutan is authorized to effect in writing the following types of revision to this Project Document, provided that he/she has verified the agreement thereto by the UNDP-GEF Unit and is assured that the other signatories to the Project Document have no objection to the proposed changes:

- a) Revision of, or addition to, any of the annexes to the Project Document;
- b) Revisions which do not involve significant changes in the immediate objectives, outputs or activities of the project, but are caused by the rearrangement of the inputs already agreed to or by cost increases due to inflation;
- c) Mandatory annual revisions which re-phase the delivery of agreed project inputs or increased expert or other costs due to inflation or take into account agency expenditure flexibility; and
- d) Inclusion of additional annexes and attachments only as set out here in this Project Document.

4 - FINANCING AND COST-EFFECTIVENESS

A. Financing Plan

155. The total project budget, without PDF-A, is US\$697,692 of which the GEF incremental cost is budgeted at US\$475,000 and the co-financing commitments are the equivalent of US\$168,846 from the RGoB and US\$53,846 from Danida. Additional associated financing of US\$317,690 (EUSPS) was identified while designing the project. The following table provides a breakdown of the budget by funding source and outcome.

a.) Project Costs

Project Components/Outcomes	Co-financing (\$)	GEF (\$)	Total (\$)
<u>Outcome 1</u> : Enable central-level framework to enhance decentralization capacity for environmental management and implementation of the provisions of the 3 Rio Conventions	US\$40,000	US\$108,000	US\$148,000
<u>Outcome 2</u> : Enable decentralization institutional framework and personnel to enhance local environmental management which implementation of the Rio Conventions	US\$38,846	US\$169,000	US\$207,846
<u>Outcome 3</u> : Existing Environmental Information Management system enhanced to backstop and accommodate national policy and decision making in response to global environmental management needs as per the provisions of the Rio Conventions	US\$53,846	US\$125,500	US\$179,346
Monitoring & Evaluation, learning, adaptive feedback & evaluation	US\$30,000	US\$46,500	US\$76,500
Project Management budget	US\$ 60,000	US\$26,000	US\$86,000
TOTAL	US\$ 222,692	US\$ 475,000	US\$697,692

b) Project Management Budget/Cost

Component	Estimated Staff weeks	GEF (\$)	Other Sources (\$)	Project Total (\$)
Locally recruited personnel*			40,000	40,000
Internationally recruited consultants*				
Office facilities, equipment, vehicles and communications (see explanations below)		17,000	20,000	37,000
Travel		9,000		9,000
Total project management cost		26,000	60,000	86,000

**Local and international consultants in this table are those who are hired for functions related to the management of project. For those consultants who are hired to do a special task, they would be referred to as consultants providing technical assistance. For these consultants, please provide details of their services in (c) below.*

The breakdown of project management costs being charged to the GEF budget is as follows:

Budget item and description	Total Cost
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1. Hire of vehicle for the project management unit (3000 x 3 yrs)	9,000
2. Purchase of computers and printers	5,000
3. Communications including for internet, fax and telephone charges (1000 x 3 yrs)	3000
4. Travel	9,000
Total for project management	26,000

c) Consultants working for Technical Assistance Components:

Component	Estimated Staff weeks	GEF(\$)	Other Sources (\$)	Project Total (\$)
Personnel				
Local consultants	16	32000		32,000
International consultants	8	20,000		20,000
Total	24	52,000		52,000

d) Co-Financing Sources

Co-financing Sources					
Name of co-financier (source)	Classification	Type	Amount (\$)	Status	
				Confirmed	unconfirmed
RGoB	Government	in-kind	168,846	√	
DANIDA	Bilateral	in-kind	53,846	√	
Sub-total co-financing (US\$)			222,692		

B. Incremental Reasoning and Cost Effectiveness

156. This project is a stand-alone project, meeting the eligibility criteria of the new Capacity Development Strategic Priority (CB-2). This project only makes sense as a stand-alone project, at it attaches an economic value to ecosystem functions that are not necessarily defined as being solely a function of biodiversity conservation, climate change or land degradation. EAs are not prepared as separate exercises for each of these areas, but rather an integrated approach to consider the environmental impacts of natural resource functions as a whole. For example, the socio-economic value of a river basin or a watershed is not only determined by their important contribution as nursing and feeding for important fish, but also for their water supply and the protection they afford – if healthy - from natural disasters, such as flash floods.

157. Moreover, the proposed CB-2 Project was identified as the most cost-effective way to achieve the above goal and outcomes, compared to the following alternatives:

158. As part of its increasing involvement in global environmental management aspects, Bhutan has not only ratified the three Rio Conventions, but also additional MEAs. Hence, the country is also committed to improve the efficiency and effectiveness of convention management and to seek synergies in convention implementation of these MEAs beyond the Rio Conventions. During the NCSA, stakeholders agreed that such changes are needed. Yet, it was also acknowledged that it would make most sense to initiate this process with a focus on CBD, UNFCCC and CCD, as these conventions to a large extent provide the ‘backbone’ to many other MEAs

created in follow up to these. Such an approach would provide a foundation, which in time could be expanded to also include additional MEAs.

159. Notably, no other national or donor-funded projects are planned, which will address these particular capacity issues. Some environment-related capacity development is underway for specific sectors (e.g., agriculture, forestry, land degradation), but without the particular emphasis on strengthening the convention implementation. Hence, the alternative of “no project” would prevent Bhutan from addressing these issues and would slow down the Rio Convention implementation. It would also further hinder the process of expanding this process of creating synergies, and hence cost effectiveness - between the conventions to additional MEAs. The option of “no project” would also result in missed opportunities to strengthen the enabling environment for convention implementation and insert convention-related activities into these on-going environmental, planning and public administration capacity reforms.

160. *Outcomes and outputs proposed in this project to be addressed/ funded by other initiatives:* Since Danida is currently the main external environment-related donor in Bhutan, the alternative of finding funding within Danida programmes was explored. Upon reviewing current initiatives, it appears that none will address this particular “bundle” of cross-cutting convention capacity issues. However, instead this project was carefully designed to build on, complement and enhance the existing Danida EUSPS Programme, which led to a strong RGoB-supported and NECS-implemented partnership, which forms the basis for this Project.

161. *A similar project but with a different scope and focus:* Several alternative project designs were considered before arriving at the final project shape. Instead of working with multiple entry points, i.e., an improved institutional framework; environmental integration into decentralized environmental planning and management; and capacity building both at the central and district levels, the project scope could focus on only one or two of those topics. For example, it could focus entirely on institutional reforms at the central and district levels. However, this approach would address only two of all the cross-cutting capacity issues identified in the Bhutan NCSA, while this project addresses a whole sleuth of them.

162. Beyond the above, cost-effectiveness is one of the Operational principles listed in the *Interim Guidelines for Financing Cross-cutting Capacity Building Projects (CB-2)*. The following specific points clarify how this Project was consciously designed to ensure effective use of the GEF and RGoB funds.

163. *Project implementation:* With regard to procurement of project inputs, standard procedures of the RGoB and UNDP will be carefully applied to ensure value for money in all purchases of goods and procurement of services for the Project, and strict internal and external audit controls that meet international standards will be used. Second, the project will also promote and support conditions under which different forms of management and partnerships pertaining to integrated local environmental management will yield positive returns on investments, both for the RGoB, District and local stakeholders. Third, in focusing on enhancing the enabling systemic (policy/regulatory) and institutional mechanisms to work effectively across sectors, the project will significantly leverage resources and knowledge and reduce duplication, which, in turn, will reduce cost and waste of financial resources. Fourth, by combating root causes of negative environmental impacts on key ecosystems throughout Bhutan via an emphasis on sustainable implementation, compliance and monitoring of the Environmental Assessment Act, the project will improve decision making processes pertaining to a mix of environmental, social and economic aspects of environmental management, which is likely to generate substantial economic benefits over time. The long-term effect of capacity development and awareness raising on how to change unsustainable practices leading to environmentally unhealthy ecosystems could be considerable, with benefits likely to accrue over many years beyond the life of the project.

164. *Replication measures:* Cost effectiveness will be further increased over time as the Project includes specific replication strategies and resources to enable the successful results from the Pilot demonstrations to increasingly be expanded to cover larger areas – both geographically and thematically. The Project will also use

cost-effective measures for its promotion and sharing of Lessons Learned beyond Bhutan to other countries. The Project will use the already established regional and global NCSA-related networks - such as the NCSA Global Support Programme and different web-based list serves - to share specific aspects of interest from this Project with other NCSA cross-cutting MSPs with a similar project focus.

165. *Environmental indicators:* A set of uniform indicators and guidance will be developed for measuring the contribution of environmental assessment towards meeting global environmental objectives. The intention is to agree upon, promote and hence utilize a common set of such indicators as a replicable model for measuring the environmental quality in an increasing amount of locations throughout Bhutan. This will further the cost-effective aspects of the project activities, while minimizing the work and reporting burden of the RGoB.

166. *Convention synergies and reporting:* Finally, the Project will connect the Rio Convention Focal Points with a mechanism – both at the central and District levels for the improved management of information applicable to the three Conventions pertaining to environmental assessment. The intention will be to pool information relevant to all three Conventions and incorporate socio-economic information alongside the scientific and technical details. Efforts will work towards the establishment of an easier, more efficient and cost-effective model for collection of information for national reporting requirements, which can be replicated for other kinds of environmental management data and ecosystems beyond the ones focused on by the Project.

C. Co-financing

167. The co-financing budget is from the Government and the Danida-funded EUSPS Programme contributions, which will be in-kind. This budget is estimated at about US\$168,846 (RGoB) and US\$ 53,846 (DANIDA), which totals US\$222,692 for the entire project (36 months). The RGoB contribution includes office space/facilities, utilities (such as electricity, phone, email), 3 seconded staff to the project (National Project Director, National Project Officer and Project Finance Officer), and time from other resource persons.

Co-financing Sources		
Source	Budget	Comments
National Environmental Commission Secretariat (NECS)	US\$168,846	In-kind contribution through staff time to supervise and participate in the project and office space
Environment and Urban Sector Programme Support-EUSPS (DANIDA)	US\$53,846	In-kind contribution for a Training—for-environment Specialist, who will be involved in the planned activities under Outcome 1 and 2
Total Co-financing	US\$ 222,692	

168. In addition to the financing plan above, the project will also benefit from other “associated financing” from the DANIDA EUSPS Programme. However, it should be noted that this additional funding from this Programme would not qualify as direct co-financing/parallel funding for this CB-2 Project, as it is already counted as parallel funding to the *WB-GEF Sustainable Land Management Project (SLMP)*. Yet, through the CB-2 project preparation consultations, it was carefully identified how the activities of this project would most optimally complement both the WB-GEF SLMP and Danida EUSPS to ensure that no duplicative efforts were planned and how synergies could be ensured.

The below associated funding is calculated as follows: The total EUSPS budget for the period of January 2004 – December 2008 is a total of Bhutanese Ngultrum (Nu) 67.878 million, which is equivalent to approx. US\$1,61,000. However, the amount for the period of relevance for this BC-2 Project (July 06 – Dec 2008)

comes to a total Nu 13.343 million, which is the equivalent of US\$317,690. Documentation for this calculation can be found in the Project Document for the EUSPS Programme.¹¹

Associated Financing from other Projects/Programmes				
Source	Programme/Project	Classification	Amount (US\$)	Status
Danida	Environment and Urban Sector Programme (EUSPS)	Related projects activities	US\$317,690	Approved
Total			US\$317,690	

169. Letters of co-financing commitments are provided under 5.Required attachments (C)

¹¹ Environment and Urban Sector Programme Support – Bhutan, Component Description, Component 1: Environmental Regulation and Management – at national and local level, NECS, Ref. No. 104. Bhutan.817-1, April 2004.

D. TOTAL PROJECT WORKPLAN AND BUDGET

Award ID/Title: PIMS 3964 Enhancing Global Environmental Management in Bhutan's Local Governance System

Executing Agency: National Environment Commission									
GEF Outcome/Atlas Activity	Rparty/ IAgent	Donor	Source of funds	Atlas budget code	ATLAS Budget Description	2007 (USD)	2008 (USD)	2009 (USD)	Total (USD)
OUTCOME 1: Enabled central-level framework to enhance decentralized capacity for environmental management and implementation of the provisions of the 3 Rio Conventions	NEC	GEF	6200	71600	Travel	10,000	10,000	10,000	30,000.00
	NEC	GEF	6200	72100	Contractual Service	25,000	25,000	22,000	72,000.00
	NEC	GEF	6200	74500	Miscellaneous	2,000	2,000	2,000	6,000.00
					Total Outcome 1	37,000	37,000	34,000	108,000.00
OUTCOME 2: Enabled decentralized institutional framework and personnel to enhance local environmental management, which include implementation of the RC's provisions.	NEC	GEF	62000	72500	National consultants	8,000	8,000		16,000.00
	NEC	GEF	62000	71600	Travel	5,000	5,000	5,000	15,000.00
	NEC	GEF	62000	72100	Contractual Service	50,000	50,000	32,000	132,000.00
	NEC	GEF	62000	74500	Miscellaneous	2,000	2,000	2,000	6,000.00
					Total Outcome 2	65,000	65,000	39,000	169,000
OUTCOME 3: Existing Environmental Information Management System enhanced to backstop national policy and decision making in response to global environmental management needs as per the provisions of the Rio Conventions.	NEC	GEF	62000	72800	Equipments	30,000 ¹²			30,000.00
	NEC	GEF	62000	71600	Travel	16,000	15,000	10,000	41,000.00
	NEC	GEF	62000	72100	Contractual Service	15,000	15,000	10,000	40,000.00
	NEC	GEF	62000	74200	Audio Visual and Printing Costs	4,500	4,000		8,500.00
	NEC	GEF	62000	74500	Miscellaneous	2,000	2,000	2,000	6,000.00
					Total Outcome 3	67,500	36,000	22,000	125,500.00
OUTCOME 4: Monitoring and Evaluation	NEC	GEF	62000	71200	International consultant		10,000	10,000	20,000.00
	NEC	GEF	62000	71300	Local consultant		8,000	8,000.00	16,000.00
	NEC	GEF	62000	72100	Contractual services	1,500	1,500	1,500.00	4,500.00
	NEC	GEF	62000	71600	Travel		3,000	3,000.00	6,000.00
					Total Outcome 4	1,500	22,500	22,500	46,500.00
OUTCOME 5: Project Management budget/cost	NEC	GEF	62000	72100	Contractual services	3,000	3,000	3,000	9,000.00
	NEC	GEF	62000	72800	IT Equipment	5,000			5,000.00
	NEC	GEF	62000	72400	Communications & AV equipment	1,000	1,000	1,000	3,000.00
	NEC	GEF	62000	71600	Travel	3,000	3,000	3,000	9,000.00
				Total Outcome 5	12,000	7,000	7,000	26,000.00	
				Grand Total	183,000	167,500	124,500	475,000	

¹² One of the major activities under this project is to set up District Environment Offices (DECs) in 20 Districts. The office space will be provided as Government in-kind contribution, and the project will fund one computer and one printer for each DEC office (budgeted at \$1,550 each x 20 districts = \$30,000).

5 - INSTITUTIONAL COORDINATION AND SUPPORT

A) Core Commitments and Linkages

LINKAGES TO UN AND UNDP PROGRAMMES IN BHUTAN

170. The United Nations Team in Bhutan is in the process of preparing a *United Nations Development Assistance Framework* (UNDAF) for Bhutan. Within this framework, the UN Team recently finalized a draft *Common Country Assessment* (CCA, January 2006). This CCA identifies decentralization as a key pillar in Bhutan's development process (Chapter 2) and it identifies increasing environmental pressures and the need for improved environmental management as priorities (Chapter 7). This proposed project is hence fully in line with those CCA findings. The inclusion of these issues in the UNDAF will ensure that they are also a focus for the overall UN technical cooperation in the coming years.

171. Within UNDP Bhutan's current *Country Cooperation Framework* (2002-06), the project compares well with UNDP's programme strategy to "continue focus on capacity development within the areas of governance, sustainable development and environment" and relates to UNDP's sub-objectives of (i) strengthening national and local capacity for sustainable energy and environmental management; and (ii) enhancing Bhutan's capacity for the implementation of national commitments relating to multilateral environmental agreements (MEAs). The project will also compliment the ongoing "*Decentralization Support Programme*" funded by UNDP and other partners. A close collaboration will be established with this ongoing programme for greater efficiency and impact. For details, please see below.

172. In relation to the *Multi-Year Funding Framework MYFF* (2004-2007), the project will directly contribute to the goal of "managing energy and environment for sustainable development" and within that goal specifically to the outcome of "National Strategies for Sustainable Development for integrating of economic, social and environmental issues adopted and implemented." It will also contribute to the other two MYFF goals: achieving the MDGs and reducing human poverty; and fostering democratic governance.

FIT WITH OTHER GEF AND NON-GEF FUNDED PROJECTS UNDER IMPLEMENTATION OR DEVELOPMENT

173. During project implementation, this CB-2 project will be closely coordinated with different planned and ongoing project activities. Throughout this project document the close partnership arrangement with both the *Danida-funded EUSPS* and the ongoing "*Decentralization Support Programme*" funded by UNDP and other partners have been detailed. Beyond this Programme, the coordination and collaboration will pertain especially to the following key initiatives:

LINKS WITH OTHER GEF-FUNDED PROJECTS

174. There are two GEF-funded SLM sister projects of primary importance in terms of building synergies between different GEF-funded projects.

175. The *WB-GEF Sustainable Land Management Project* (SLMP) will promote innovative mechanisms to enhance sustainable land management practices with local, regional and global environmental benefits. By so doing, the project will promote and enhance synergies between the Convention to Combat Desertification, the Framework Convention on Climate Change, and the Convention on Conservation of Biological Diversity from a SLM point of view. It is expected that the project will support the reappraisal and potential realignment of public sector roles in planning and implementation, including the creation of opportunities for public-private and other local partnerships appropriate to the Bhutanese context. It will also pilot and demonstrate integrated landscape management approaches in selected sites, to help government and other stakeholders address issues

of competing demands on the land resource, assess its carrying capacity and articulate a plan for its rational allocation and management. It will further test the application of alternative accounting mechanisms to help pinpoint where costs of development works are incurred and where support might be needed to defray costs and invest in mitigating measures. The project will support decentralized environmental management and strengthen the technical capacity of Bhutanese institutions. Yet, notably these efforts will focus on identifying and addressing landscape degradation trends, which will hence complement the CB-2 project will. So will the aim to improve cross-sectoral mechanisms for ecosystem management, including financing, incentive systems and regulatory arrangements.

176. What should be noted here is that the *Danida-funded EUSPS* will provide parallel funding to this project. Through the project preparation consultations, it was carefully identified how the activities of this CB-2 project would most optimally complement both the WB-GEF SLMP and Danida EUSPS to ensure that no duplicative efforts were planned. Moreover, while EUSPS emphasizes policy and planning at the central level for its natural resource management component, SLMP will work mainly from the ground up, promoting sustainable land management at the chiog and geog levels and feeding results upwards into the District level – informing revisions of the policy and regulatory framework.

177. The *UNDP-GEF Sustainable Land Management Project* is currently under implementation starting 2007. While the main objective of the above SLMP is to contribute to more effective protection of trans-boundary watersheds in a manner that preserves the integrity of related ecosystems in Bhutan, the main objective of the UNDP-GEF project is to ensure that sustainable land management practices are mainstreamed into Bhutan's policy, planning, legal and regulatory framework, while contributing to improving people's livelihoods and economic well-being. The National Action Plan to be prepared will be linked to poverty reduction and investment strategies for the country and will be produced through various consultations among all stakeholders. Emphasis will be placed on participation of institutes, such as DYT's and GYT's, which will be instrumental in mainstreaming SLM policies and strategies into the developmental framework of the district plans. Moreover, the existing capacity on SLM for institutes involved would be assessed and needs identified. Above all, the primary outcome of this project will be to build national capacity for SLM, using the assessment report resulting from the Bhutan NCSA.

178. There are strong linkages between these two GEF SLM initiatives. Lessons learned from the pilot activities under SLMP will directly feed into the preparation of the National Action Plan (NAP) to combat land degradation. Capacity building efforts under UNDP's capacity building project will largely focus on dzongkhags/Districts that are not covered under the SLMP and help expand experiences and lessons learned from SLMP through cross-visits, training, workshops, etc. This would greatly facilitate the replication of SLM lessons throughout the country. In addition, collaboration between SLMP and UNDP's capacity building project would facilitate mainstreaming of SLM approaches in different sectors and levels of government and influence policies and regulations pertaining to land resource utilization and management, as well as the implementation of NAP in Bhutan. Coordination between two projects is greatly strengthened by the recent RGoB decision to bring the management of the both projects under the same directorate within MoA. During project implementation, coordination will be further strengthened through a common project steering committee, annual work plan exercises, joint supervisions and annual workshops to review and document learning and lessons.

179. In addition, in terms of cost-effectiveness, the CB-2 project – EUSPs – SLMP –UNDP-GEF SLM project complementarities will increase the efficiency in the use of human and financial resources, reduce the risk of overlaps and competition for project staff and, hence, minimize the cost of implementing and administering programmes.

180. With support from UNDP-GEF, the government recently prepared the (draft) *National Action Plan for Adaptation (NAPA) to Climate Change*. There is likely to be a follow-up GEF supported initiative, where the

project preparation will be closely aligned with this CB-2 project, especially pertaining to all envisioned capacity development activities.

181. *UNDP-GEF Small Grants Programme*: Since it became operational in Bhutan in 1998, the Small Grants Programme has supported 16 projects focusing on grassroots community activities responding to global environmental concerns, namely biodiversity loss and climate change.

Links with Non-GEF initiatives

182. Currently, UNDP Bhutan is also supporting national capacity development for disaster reduction. During formulation of this CB-2 project, discussions were held with a mission in the process of formulating a National Disaster Management Strategy. In response, there is strong support for the idea of combining future envisioned disaster management awareness with the awareness raising activities of this project to establish the crucial linkages between EA and disaster management. The strengthened DECs at the District level will also be of great benefit to the future concrete disaster management projects currently in preparation.

B) Consultation, Coordination and Collaboration between and among Implementing agencies, Executing Agencies, and the GEF Secretariat.

183. In relation to the above, preliminary discussions have been held with the World Bank to ensure that the above-mentioned existing and planned land degradation/management activities and related conservation efforts funded by the GEF will be closely coordinated to avoid overlaps and ensure complementarity, whenever possible. The details on how best to work closely together to avoid duplicative efforts will be worked out during a workshop to be held with the World Bank, ADB, and UNDP prior to MSP implementation and this collaborative dialogue will be strengthened throughout the project. This partnership approach will be closely coordinated by the GEF Operational Focal Point to initiate a more structured dialogue to coordinate all GEF actions in Bhutan to avoid duplication and to foster synergies between projects.

C) Implementation/Execution arrangements

184. The Project will be implemented according to UNDP procedures for National Execution (NEX) in Bhutan with the administrative support of the UNDP Bhutan Country Office (CO).

185. The Department of Aid & Debt Management (DADM) under the Ministry of Finance, being the national coordinating authority for aid management, will sign the project document and all the revisions, thereafter, on behalf of the RGoB. The UNDP funds for the project will be disbursed to the executing agency through DADM. The funds disbursed will be subject to regular audits by the Royal Audit.

186. **Project Executing Agency**: Project activities will be executed by the National Environment Commission Secretariat (NECS). NECS shall also be responsible for procurement and payment of all services, subcontracts and equipment in accordance with UNDP rules and procedures. NECS will be responsible for project coordination and management, in addition to monitoring adherence to the work plan, which forms the basis for project execution. It will be responsible for technical and financial reporting to GEF through the UNDP CO.

187. A **Project Steering Committee** (PSC) established during the PDF-A phase will continue for the MSP with representatives from: (i) NECS; (ii) DLG; (iii) MoA; (iv) DADM, Ministry of Finance; (v) MoHCA; (vi) DoP; (vii) Royal Civil Service Commission; (viii) a Representative from the DECs; (ix) Danida; and (X) UNDP or UNDP-GEF. In this regard, not only will all key decentralization stakeholders be represented. Notably, *the PSC will also have representation from the three Rio Convention Focal Points*, as CBD and UNCCF will be represented by NEC, whereas MoA represents UNCCD. The PSC will bear overall responsibility for coordination and will provide the policies and directions in the implementation of the project.

It will be chaired by the National Project Director, NECS, and will be the principal consultative body of the project.

188. The PSC will meet at least three times each year during the project implementation period. Special attention will be given during the following periods: a) at the project inception, b) mid-term review and c) towards the end of the project. The PSC will have the following roles:

- Provide strategic advice to the NECS on the implementation of the full project and ensure the integration of activities with Bhutan's poverty alleviation activities, decentralization process and sustainable development objectives;
- Ensure forwarding of important issues to high-level decision-makers;
- Ensure coordination/complementarities between the Project and other ongoing activities in the country;
- TORs for all major sub-contracts (national/international experts, subcontracts and training) will be submitted to the members of the PSC for their comments prior to finalization.
- All major deviations from the project activities and approved budget shall be decided through the PSC. UNDP will ensure monitoring the progress of the project as well as providing the required guidance to the process where in concerns the administrative UNDP-GEF requirements.

189. The **Project Management Office (PMO)**, which will be established at NECS, will be responsible for day-to-day implementation of all project activities including direct supervision of the activities that will be contracted to consultants. The NECS consists of: (i) the Technical Division; (ii) Policy and Coordination Division; and (iii) Administration and Finance Division. The Information, Communication, and Outreach Section (ICOS), which is part of the Technical Division, will be responsible for the day-to-day management of the Project, along with the Policy Coordination Division.

190. The PMO will be staffed as follows:

- NECS will appoint an appropriate official to serve as a part-time **National Project Director (NPD)** from the PC. The NPD shall assume accountability for the achievement of project objectives on behalf of the designated institution. The NPD shall also be responsible for coordinating the delivery of all inputs to the Project and for ensuring that they are delivered on time and utilising project resources judiciously.
- While the PMO will be headed by the NPD, day-to-day activities will be managed by a full-time **National Project Manager** from the ICOS.
- The Project Manager will be assisted by a **Financial and Administrative Assistants** from the Administration and Finance Division.
- The PMO will also involve a **Communications Officer**.
- The PMO will be supported by **local and international experts/consultants** on decentralization, Rio Conventions, and capacity development as and where needed.

191. Some of the PMO's tasks include but are not limited to: (i) Preparation of workplans, budgets and TORs of consultants (ii) Monitoring and evaluation of progress of activities (iii) Arrangement of regular meetings (iv) Preparation and dissemination of project reports (v) Financial management (books and records) (vi) Submission of timely reports as required by UNDP CO.

192. The project will establish an **inter-agency Technical Working Group (TWG)** that will provide technical inputs to the NECS. It can also provide assistance or other resource inputs during programme implementation. The TWG will provide the technical guidance, review, and evaluate the performance and output of the project and recommend measures to improve the design and implementation of the project.

193. In executing the project, the NECS will collaborate with a number of agencies both within and outside the government administration. Key partners will include: MHCA; DEC members; DYT's and to some extent GYT's; *Dzongkhag* Administrations and *geog* extension agents; DoP; Nature Conservation Division, Ministry of

Agriculture (MoA), and protected area authorities in the field; Social Forestry Division, MoA; and Royal Society for the Protection of Nature, the only Bhutanese environmental non-governmental organization.

194. UNDP will be ultimately accountable to GEF for project delivery and responsible for supervising project development, guiding PDF B activities and contracting staff if requested by NECS. UNDP will provide technical backstopping and monitor adherence to the work plan. UNDP will participate in project design and consultations as well as contribute to the preparation of the project brief and the project document.

Annex 1: Priority Cross-Cutting Capacity Development Needs

The content of this Annex is extracted from *National Capacity Self-Assessment for Global Environmental Management and Action Framework*, Draft, Bhutan September 2005.

The following **cross-cutting areas** for environmental capacity development were identified based on discussions with the NCSA thematic working groups, additional information analysis and expert opinions from key people in the environment field:

- Environmental Impact Assessment
- Strategic Environmental Assessment
- Harmonization of Environmental Management Laws
- Public Awareness and Education for Environmental Management
- Forest Fire Management
- Strategic Planning for Environmental Management
- Integrated Environmental Information Management System
- Sustainable Financing Mechanism
- Local Environmental Governance

Then **cross-cutting capacity development needs** were identified in the following order of priority:

1. Establishment of environmental units in MoA, MoIC and MoH, and in Dzongkhag Administrations
2. Training of personnel in the environmental units in line ministries and agencies and in Dzongkhag Administrations in environmental assessment, clearance and monitoring
3. Harmonization of environmental laws and associated regulations (NEPA or any other mechanism).
4. Forest fire fighting and communication equipment
5. National Forest Fire Management Strategy
6. Development of guidelines on forest fire management techniques
7. Training on forest fire prevention and control for forestry staff, local communities and armed personnel
8. Guidelines to implement environmental management provisions incorporated in the DYT and GYT Chathrim 2002
9. Training of DYT and GYT members on guidelines for implementation of environmental management provisions incorporated in the DYT and GYT Chathrim 2002
10. Training on strategic planning tools and techniques for staff with planning responsibility in various environmental management agencies

11. Creation of integrated environmental information management system and installation at dzongkhag, regional and central levels
12. Training of relevant staff in the application and functions of the integrated environmental information system
13. Creation of SEA Unit under Department of Planning
14. Development of SEA guidelines
15. Training of DoP officials in SEA concept, approaches and tools
16. Public-Private Partnership Strategy for environmental financing
17. Inter-institutional coordination and collaboration mechanism for environmental education and awareness
18. Integration of environmental education in educational institutes and programmes
19. Strategy for environmental education and awareness
20. Monitoring and evaluation of environmental education programmes
21. Training of staff of NECS, RSPN, NBC and City Corporation in environmental education and communication
22. Expansion of BTF funding portfolio to cover additional areas of environmental management especially in the brown sector

Annex 2 - Environmental Powers and Responsibilities of Dzongkhag and Geog governments

I. Environment-related provisions in DYT Act (2002)

Article 8 of the DYT Chathrim 2002 gives the DYT the power and function to:

- promote awareness and dissemination of national objectives (section 3);
- adopt procedures and rules to implement national laws, wherever relevant (section 10); and
- make recommendations on activities with major environmental impacts such as construction of roads, extraction and conservation of forests, mining and quarrying (section 13).

Article 9 of the DYT Chathrim 2002 gives the DYT the power and function to adopt and enforce regulations with respect to:

- designation and protection of monuments and sites of cultural and historical interests (section 1);
- designation and protection of areas of special scenic beauty or biodiversity as dzongkhag parks and sanctuaries (section 2);
- control of noise pollution (section 8);
- establishment of quarries and mines in accordance with Mines and Mineral Management Act 1995; and
- protection of public health as per prevailing national guidelines or acts (section 14).

Article 10 of the DYT Chathrim, 2002, gives the DYT broad administrative power and function to give direction and approval on

- construction of farm and feeder roads (section 5);
- forest management plan including extraction, conservation and forest road construction in accordance with the FNCA (section 8);
- protection of forests, tsamdo and all types of government and community lands from illegal house and similar construction and other encroachments (section 19);
- control of construction of structures, whether on national, communal or private lands, within 50 feet of highways, including enforcement of measures such as cessation of construction and demolition of the structures (section 20);
- choice of trekking routes and camps for tourists (section 22); and
- mobilization of voluntary actions in times of natural catastrophes and emergencies (section 26).

Article 13 of the DYT Chathrim 2002 gives the Dzongkhag Administration the powers and functions to:

- construct farm and feeder roads, in conjunction with the NEC (section 5);
- determine the choice of design, construction methods and building materials for forms, which do not have to follow standard designs in conformity with acceptable technical and structural norms (section 12); and
- approve allocation of timber permits as per the rules and regulations issued by the MoA from time to time (section 16).

II. Environment-related provisions in GYT Chathrim 2002

Article 8 of the GYT Chathrim 2002 gives the GYT the power and function to adopt and enforce regulations at the geog level with respect to:

- safe disposal of waste (section 1);
- control and prevention of pollution of air, soil and water (section 2);
- sanitation standards (section 3);
- control of communicable livestock diseases within the geog in accordance with the Livestock Act 2001 (section 4);
- allocation of safe and clean drinking water from water supply schemes (section 5);
- allocation of irrigation water, in accordance with the provision of the Land Act 1979 (section 6); and
- protection and harvesting of edible forest products in the local area in accordance with the Forest and Nature Conservation Act 1995 (section 8).

Article 9 of the GYT Chathrim, 2002, gives the GYT broad administrative power and function at the geog level with respect to:

- administration, monitoring and review of all activities that are part of the geog plan, including the maintenance of community properties such as lhakhangs (temples), goendeys (monastic institutions) and their nangtens (religious treasures), chhoerten (stupa), mani dangrem (prayer structures), water supply schemes, irrigation channels, footpaths, mule tracks, farm and feeder roads, suspension and cantilever bridges, micro-hydels, basic health units and outreach clinics, lower secondary school and community schools, and extension centers of the RNR sector (section 2);
- conservation and protection of water resources, lakes, springs, streams, and rivers (section 7);
- custody and care of communal lands, community forests, including sokshing and nyekhor tsamdo, medicinal herbs and accordingly prevention of illegal house construction and all other types of encroachments on land and forests (section 8);
- prevention of construction of structures, whether on national, communal or private lands, within 50 feet of highways falling in local area (section 9); and
- protection and preservation of ney (sacred site), nyekhang (dwelling place of local deity) or yulha and zhiday, which are not part of custody of a monastic body or central agencies (section 10).

ANNEX 3 – Threats and Root Cause Analysis of Bhutan’s Environmental Endowment

Environmental sector issues and challenges

Sectoral environmental endowment

195. The Kingdom of Bhutan is a small, landlocked and mountainous country in the Eastern Himalayan region. It is bordered by the Indian states of West Bengal and Assam to its south, Arunachal Pradesh to its east, and Sikkim to its west. The northern border is shared with the Tibetan Autonomous Region of China. It lies between 26.70 degrees and 28.35 degrees N latitudes and between 88 and 92 E longitudes. With an area of 40,076 km² Bhutan is the approximate size of Switzerland, and its terrain contains some of the most formidable regions in the world – mostly rugged and mountainous with elevations ranging from about 100 m in the foothills to over 7500 m towards the north.

196. Bhutan’s **biological resources** are among the richest and most diverse in the world. It ranks among the top ten percent of the countries with the highest species density (species richness per unit area) and is one of the countries with the highest proportion of forest cover in the world. The country is known to have more than 5,400 species of vascular plants, 600 species of birds and 190 species of mammals in the wild. These include several globally threatened species such as the tiger *Panthera tigris*, snow leopard *Uncia uncia*, clouded leopard *Neofelis nebulosa*, red panda *Ailurus fulgens*, takin *Budorcas taxicolor*, golden langur *Trachypithecus geei*, capped langur *Trachypithecus pileatus*, Asian elephant *Elephas maximus*, great one-horned rhinoceros *Rhinoceros unicornis*, serow *Capricornis sumatraensis*, black-necked crane *Grus nigrocollis*, rufous-necked hornbill *Aceros nipalensis*, and white-bellied heron *Ardea insignis*.

197. Domestic biological diversity is also very impressive. There are about 20 crop species and 10 livestock species. The main crop species are rice, maize, millet, wheat and buckwheat and the main livestock species are cattle, yak, sheep, horse, and pigs. The domestic crop and livestock species are further broken down into several landraces and breeds respectively. To illustrate the genetic diversity of some of the food crops, there are some 350 landraces of rice, 47 of maize, 24 of wheat, and 30 of barley. In livestock, there are three native breeds and nine native sub-breeds of cattle, nine sub-breeds of yak, four native breeds of horse, three native breeds of pig, four native breeds of poultry, and seven native breeds of dog.

198. With regard to **climate change**, Bhutan stands out as one of the very few countries with greenhouse gas sequestration capacity. This is largely due to vast forest cover, limited industrialization, and use of clean energy. The first National Greenhouse Gas Inventory published in 2000 has estimated total greenhouse gas emission at 255.16 giga-grams. The main greenhouse gases – carbon dioxide, methane and nitrous oxide – make up almost 98 percent of the total emission, with carbon dioxide alone accounting for 89.54 percent. Energy, industry and agriculture sectors have been cited as the main sources of greenhouse gas emission in the country. The country’s forest is estimated to be removing 3,549.52 giga-grams of carbon dioxide, making it a net greenhouse gas sequester.

199. In terms of **land use and cover**, forest is by far the most dominant land cover, with 72.5 percent (including 8.1 percent scrub forest) of the country under forest cover – one of the highest in the world. Almost all of the forests are natural, with plantation forest being just about 0.2 per cent. Many areas of forests extensively function as tsamdo (pasture land). People also maintain certain tracts of forest as sokshing, i.e. woodlot for production of leaf litter used in farmyard manure. In addition, rural communities extract timber, fuelwood, roofing shingles and many edible, medicinal and aromatic plants from the forests. Although 79 percent of the Bhutanese population primarily depends on agriculture, only 7.7 percent of the country is presently arable agriculture land. The main land uses for agriculture are kamzhing (dryland cultivation), chhuzhing (wetland cultivation), tseri (slash-and-burn cultivation), and mixed cultivation.

Environmental threats and challenges

200. Given the both national – and global - importance of Bhutan's natural resources in terms of climate change, biodiversity and land degradation, good management of Bhutan's land and forests yields significant global benefits. However, although Bhutan is committed to ensuring a future where the natural environment is still well preserved, environmental problems are gradually mounting. The main threats to sustainable environmental management can be considered either human or naturally induced. The **human-induced** threats include the following:

201. *Overgrazing:* High livestock population has led to overgrazing in many instances. Despite consistent government efforts to reduce livestock population through introduction of improved breeds, artificial insemination and sterilization, livestock population has remained high. Overgrazing of pastures and forests, mainly in broadleaf forests, may lead to attrition or loss of species, reduction of land productivity and soil erosion. Forest regeneration is also hampered and change in vegetation is induced where grazing is rampant. Not only does overgrazing affect forest regeneration and land productivity, it also affects the availability of forage to wild ungulates.

202. *Excessive wood consumption:* Use of wood in Bhutan exceeds sustainable limit. A report of the Forest Resources Development Division mentions that the annual total consumption of timber at 190,000 m³ in the recent years exceeded the total annual allowable cut of about 149,000 m³ from all Forest Management Units. The excess demand was met from ad hoc sources, which is a cause for concern as these sources are not operated based on sustainable forest management planning. Fuelwood consumption is even higher at 1.27 tonnes or 1.8 m³ per person per annum. This works out to nearly 1.2 million m³ per annum. Apart from timber and fuelwood, there is a long list of biodiversity resources that the rural Bhutanese use. Localized scarcity of biodiversity resources due to unsustainable harvesting occurs in several places. For instance, in Bumdeling geog, excessive collection and unsound harvesting techniques have depleted Daphne plants to the extent that several families had to give up paper-making.

203. *Forest fires:* Forest fires are a recurrent and widespread phenomenon in spite of stringent legislation. Records maintained by the Department of Forestry reveal that from 1992/93 to 2003/04, 803 incidents of forest fires have occurred, affecting more than 125,000 hectares of forest land. All forest fires in the country are man-made; either set deliberately to invigorate the growth of pastures or commercially valuable grasses such as lemon grass, or occur due to general public carelessness.

204. *Poaching and wildlife trade:* Wildlife poaching and trade occur covertly and is especially prevalent in the border areas and some interior areas. A porous international border both in the north and south, inadequate law enforcement personnel, and general lack of knowledge of the legal consequences of poaching have made controlling poaching a difficult job. It has also been observed that the existing schedule of penalties related to poaching of wildlife is soft and not deterring enough, especially considering the high commercial value of wildlife parts and products in the international market. The totally protected species list provided in the Forest and Nature Conservation Act 1995 has also been found to be lacking sound basis. Some of the species that are not threatened, e.g. spotted deer, Chinese caterpillar fungus and snow down lily, have been listed whereas some that are known to be highly endangered, e.g. capped langur, hispid hare and white-bellied heron, are missing from the list.

205. *Human-wildlife conflict:* is discernible and pervasive in the form of crop and livestock depredation by wildlife. Every year, wild animals, especially wild boars, deer, monkeys, bears and elephants plunder hundreds of tons of crops across the country, inflicting immense misery on the farmers. In addition to direct loss of crops, farmers have to bear several indirect costs such as loss of time, added costs of production, expenditure on items such as torches and batteries, kerosene, used tins, and building of guard sheds, and disruption in family life. Livestock depredation by predator species, especially tigers, leopards, wild dogs and black bear, is also

common albeit on a lesser scale and geographically more unevenly than crop depredation. Although stringent conservation law and social tolerance to wildlife inculcated by religion have so far prevented human-wildlife conflict from going out of hand, retribution killing in the form of hunting, trapping and poisoning of predator species are not uncommon and are likely to increase should livestock depredation by wildlife persist without any remedy.

206. *Unsustainable infrastructure development:* Concomitant with modernization, the need for infrastructure development has grown. Socio-economic development objectives necessitate construction of roads and electrification among other things. Development of this infrastructure, if not carried out in an environmentally sensitive manner, would impact biodiversity especially when they cut through natural habitats and also cause slope instability and geologic disturbances.

207. *Pollution:* is an emerging phenomenon in the country and is largely due to the increase in the vehicular population and industrial activities. The first National Greenhouse Gas Inventory revealed that the industry sector accounted for about 52 percent and the transport sector for about 17 percent of the total emission respectively. Domestic use of energy for cooking and heating is also a major cause of pollution. While vehicular emission standards have been introduced and are being enforced through vehicle emission testing and certification, vehicular pollution continues to grow cumulatively as a result of increase in vehicle numbers. Pollution of land and water resources is also emerging as an environmental problem in and around urban areas and industrial sites.

208. *Unsustainable land use and management:* Bhutan's usable land resource is limited due to difficult and high mountain terrain, vast areas of snows and barren rocks, and large forest coverage. While 79 percent of the population depend primarily on agriculture, arable agriculture land is less than 8 percent mostly located in the central valleys and southern foothills. This limited area has also to support other development activities of a growing population. As a result, there is competitive land use between various sectors, especially between agriculture and urban development. Also use of land for agriculture, grazing and infrastructure development without taking into account environmental management needs have led to land degradation in many situations.

209. *Inadequate transboundary cooperation for protected areas management:* Of the nine protected areas in the country, seven have boundary with other countries. There is a need for transboundary cooperation between protected area personnel on either sides of the border basically for two reasons. One, movement of wildlife transcends international boundaries and it is therefore important that they are sufficiently protected when they cross into the other side of the border. Two, much of the poaching occurs along international borders as a consequence of porous borders and ready market for wildlife parts and products in the neighboring countries. Cooperation with Indian authorities is limited to occasional, ad hoc meetings while cooperation with the Chinese authorities is virtually non-existent.

210. Beyond the above man-made challenges, the **naturally-induced** threats negatively impacting Bhutan's environmental resources include the following:

211. *Landslides and flash floods:* While Bhutan itself is a net greenhouse gas (GHG) sequester, the country, given its fragile mountain ecosystem, is highly vulnerable to the impacts of climate change caused by GHG emissions by other countries. In the recent years, the country has experienced some unusual weather conditions and severe landslides and flash floods. Vulnerability to climate change-induced disasters is a serious threat to many sectors, but more specifically to agriculture and hydropower development, which are the mainstays of the national economy. As part of the NAPA project, a cross-sector multi-disciplinary team with representation from five key sectors – (i) agriculture; (ii) biodiversity and forestry; (iii) natural disaster and infrastructure; (iv) health; and (v) water resources – prepared a report on key vulnerabilities due to climate change within their respective sectors. The sector vulnerability assessment findings are shown in the following [Table 1](#).

Table 1 - Vulnerability of Key Sectors

SECTOR	<u>Vulnerabilities</u>
Forestry & Bio-diversity	<ul style="list-style-type: none"> • Drought in combination with increased lightning risks triggering forest fires • Change in phenological characters of plants/ Loss of endemic species • Change in migratory pattern of the trans boundary wildlife, <p>(All resulting in loss/degradation of forest ecosystem and reduction of alpine range lands. Furthermore, possible increase of vector-borne disease in wildlife due to warming)</p>
Agriculture	<ul style="list-style-type: none"> • Crop yield instability. Loss of production and quality (due to variable rainfall, temperature, etc.). Decreased water availability for crop production. Increased risk of extinction of already threatened crop species (traditional crop varieties) • Loss of soil fertility due to erosion of top soil and runoff. Loss of fields due to flash floods, land slides and rill & gully formations. Soil nutrient loss through seepage • Crop yield loss (flowers & fruit drop) to hailstorms. Deteriorated produce quality (fruit & vegetables) by untimely incessant heavy rains and hailstorms • Delayed sowing (late rainfall). Damage to crops by sudden early (paddy) and late spring (potato) frost (ref. seasons shifting) • Outbreak of pests and diseases in the fields and during storage where they were previously unknown • Damages to road infrastructures (food security) – <u>see also Natural Disaster & Infrastructure sector.</u>
Natural Disaster & Infrastructure	<ul style="list-style-type: none"> • Debris-covered glaciers forming huge moraine dam lakes that ultimately lead to GLOFs (i.e. flash floods and landslides, heavy siltation of the rivers, and other geotechnical hazards) • GLOF WILL AFFECT ‘ESSENTIAL’ INFRASTRUCTURE): • HYDROPOWER SYSTEMS (GENERATION PLANTS, TRANSMISSION AND DISTRIBUTION INFRASTRUCTURE) – THE MAIN EXPORT PRODUCT, AND FURTHERMORE: • Industrial estates/infrastructures • HUMAN SETTLEMENTS: URBAN, SUB-URBAN AND RURAL SETTLEMENTS. • HISTORICAL AND CULTURAL MONUMENTS: <i>DZONGS</i>, MONASTERIES, <i>CHORTENS</i>, ETC. • PUBLIC UTILITIES: ROADS, BRIDGES AND COMMUNICATIONS. • * Receding debris-free glaciers lead to reduction of water resources (possible shortages/variations) – <u>see also Water Resources sector</u>

SECTOR	<u>Vulnerabilities</u>
Water Resources (& Energy)	<ul style="list-style-type: none"> • Temporal & spatial variation in flow, affecting notably electricity production/exports due to disruption of average flows for optimum hydropower generation • Increased sedimentation of rivers, water reservoirs and distribution network, affecting notably irrigation schemes' productivity/ agricultural crop yields • Reduced ability of catchment areas to retain water/increased runoffs with enhanced soil erosion (deterioration of environment) • Deterioration of (drinking) water quality (<u>see also Health sector</u>)
Health	<ul style="list-style-type: none"> • Loss of life from frequent flash floods, GLOF and landslides (recent Trashigang floods and landslides) • Spread of vector-borne tropical disease (malaria, dengue) into more areas (higher elevations) with warming climate • Loss of safe (drinking) water resources increasing water borne diseases.

Source: Bhutan NAPA Report

212. This vulnerability has become more obvious in recent years. For example, the winter of 1998/99 was characterized by a prolonged spell of dry (snowless) weather. This exacerbated incidents of forest fires that winter, with forest fires occurring even in places where they were earlier not known. Subsequently, the summers of 2000 and 2004 were witness to the worst ever monsoon rains in the country's recent history. The heavy rains triggered off unprecedented number of floods and landslides, causing loss of dozens of human lives and livestock, and damage to many farms, homes, development infrastructure and industrial establishments.

213. *Glacial lake outburst floods (GLOF):* Climate change is also resulting in the receding of several glaciers in the Himalayas, increasing the risks of dangerous glacial lake outbursts. An inventory by the International Center for Integrated Mountain Development (ICIMOD) in cooperation with the Department of Geology and Mines (DGM) and with assistance from the United Nations Environment Programme (UNEP) has identified 677 glaciers and 2,674 glacial lakes in the country. Of the 2,674 glacial lakes, researchers have found 24 to be potentially dangerous. While several glacial lake outburst floods have occurred in the past they have gone unrecorded. The most recent GLOF which occurred in the country in October 1994 wreaked enormous damage to agricultural land, property and infrastructure, and caused several deaths in the downstream valleys.

214. *What should be noted is that several of the above environmental issues and concerns cut across more than one thematic area of global environmental management, i.e: biodiversity, climate change or land degradation. The following Table 2 below provides an overview of the key environmental issues and concerns in relation to the three thematic areas of global environmental management.*

Table 2: Overview of key environmental issues and concerns in relation to the thematic areas of global environmental management

Environmental Issues and Concerns	Biodiversity	Climate Change	Land Degradation
Overgrazing	X	X	X
Excessive Wood Consumption	X	X	X
Unsustainable Collection of Biological Resources	X		X
Poaching and Wildlife Trade	X		
Forest Fires	X	X	X
Human-Wildlife Conflict	X		
Inadequate Transboundary Cooperation for Protected Area Management	X		
Infrastructure Development	X		X
Pollution		X	X
Natural Disasters	X	X	X
Unsustainable Land Use and Management	X		X

Note: "X" denotes direct relevance to the thematic area

Source: Bhutan's National Capacity Self-Assessment for Global Environmental Management and Action Plan, Revised draft, 20 September 2005, Thimphu, Bhutan.

Annex 4 - Policy and Legal Framework for Environmental Management¹³

The following policies and laws provide for environmental management in Bhutan:

Policies and Legislations	Brief Outline
The Constitution of the Kingdom of Bhutan (Draft 2005)	Incorporates environmental conservation as a constitutional mandate
Bhutan 2020	The Vision Statement features environmental conservation as one of the five main development objectives and emphasizes the need for environmental sustainability and maintenance of the integrity of biodiversity whilst pursuing development.
National Environment Strategy	Enshrines the concept of sustainable development and identifies three main avenues for such development: hydropower development based on integrated watershed management; agricultural development based on sustainable practices; and industrial development based on effective pollution control measures and environmental legislation.
National Forest Policy	Places priority on conservation of forests and associated resources for their ecological functions. Economic benefit from forest resources is considered secondary and is to be derived within sustainable limits
RNR Sector Policy	Emphasizes people-centered economic development that has prospects for long-term sustainability, balanced and equitable development of the country's renewable natural resources and distribution of benefits, and development strategies that are environment friendly and ensure the integrity of the country's fragile ecosystem.
Water Policy	Establishes Bhutan's water vision and guiding principles for water resources management. It views water resources from a broad, multi-sectoral perspective while recognising the responsibility of the sub-sectors to play their part in meeting the policy objectives.
Surface Transport Policy	Recognizes that the road and transport system may have adverse impact on the natural environment and air quality. It adopts preservation of natural environment and mitigation of adverse environmental impacts resulting from the use of motor vehicles as one of its policy objectives.
Power Sector Master Plan and Rural Energy Master Plan	A basic principle of both the master plans is to develop and enhance access to clean energy for socio-economic development at national as well as local level.
Land Act 1979	Stipulates procedures and requirements for registration of land, entitlement to land, right of possession of land, land valuation and taxation, land transaction, allotment of government land, construction or renovation of social infrastructure such as irrigation channels and roads on landed property and sharing of benefits from such infrastructure, use of grazing land, land tenancy, and land conversion and encroachment.
Plant Quarantine Act 1993	Provides for prevention of the introduction of pests not already present or widespread in the country, control of pests already in the country and cooperation in the prevention or movement of pests in international trade and traffic.
Forest and Nature Conservation Act 1995	Repealed Bhutan Forest Act 1969. It provides for "the protection and sustainable use of forests, wildlife and related natural resources of Bhutan for the benefit of present and future generations", and covers forest management, prohibitions and concessions in government reserved forests, forestry leases, social and community forestry, transport and trade of forestry produce, protected areas, wildlife conservation, soil and water conservation, and forest fire prevention.

¹³ **Source:** Bhutan's National Capacity Self-Assessment for Global Environmental Management and Action Plan, Revised Draft, 20 September 2005, Thimphu Bhutan

Policies and Legislations	Brief Outline
Mines and Mineral Management Act 1995	Recognizes the preservation, protection and setting of environmental standards and conservation of natural resources as a critical feature of mining practices, and sets environmental management needs in mining operations
Environmental Assessment Act 2000	Establishes procedures for the assessment of potential effects of strategic plans, policies, programmes, and projects on the environment, and for the determination of policies and measures to reduce potential adverse effects and to promote environmental benefits. The Act requires the RGoB to ensure that environmental concerns are fully taken into account when formulating, renewing, modifying and implementing any policy, plan or programmes.
Pesticides Act 2000	Enacted with the objective to ensure that integrated pest management is pursued limiting the use of pesticides as the last resort, appropriate types and quality of pesticides are introduced in the country, and pesticides are effective when used as recommended whilst deleterious effects on human beings and the environment are minimized
Seeds Act 2000	Enacted with the purpose of regulating the import and export of agriculture seeds, preventing introduction of unwanted plants and diseases and promoting seed industry with the aim to enhance rural income and livelihood.
Livestock Act 2001	The purpose is to regulate livestock breeding, health and production with the aim to enhance livestock productivity and prevent diseases so as to improve rural income and livelihood.
Biodiversity Act 2003	Asserts the sovereignty of the country over its biodiversity resources and lays down the conditions for the grant of access to biodiversity resources, benefit sharing, and protection, and describes various rights, offences and penalties.
Road Act 2004	In relation to environmental management, the Act accords the Department of Roads power and function to adopt and promote environment friendly techniques in the implementation of road activities. It requires that all road construction and maintenance works conform to environmental considerations, geological stability considerations and preservation of agricultural land.
Rules and Regulations for the Establishment and Operation of Industrial and Commercial Ventures in Bhutan 1995	States that “the licensee shall ensure that government rules and regulations relating to environmental protection as well as health and safety measures are strictly adhered to in the operation and conduct of his/ her industrial or commercial venture”.
Forest and Nature Conservation Rules 2000	Promulgated for the enforcement of the Forest and Nature Conservation Act 1995
Regulations for the Environmental Clearance of Projects and Strategic Environmental Assessment 2002	Promulgated for the enforcement of the Environmental Assessment Act 2000
Mines and Mineral Management Regulations 2002	Promulgated for the enforcement of the Mines and Mineral Management Act 1995
Rules and Regulations on Control of Ozone Depleting Substances 2005	Specifies mechanisms for control, monitoring and reporting of the import and export of ozone depleting substances, defines institutional roles and responsibilities and stipulates various offences and penalties.
Dzongkhag Yargye Tshogdu and Geog Yargye Tshongchung Chathrim 2002	Contains numerous provisions for environmental management by local community bodies at the dzongkhag and geog levels.

ANNEX 5. Stakeholder Involvement Matrix

Stakeholders	Institutional Mandate	Roles and Responsibility in the Project	Constraints	Interest in Project +/-
I. Central Government level				
<i>National Environment Commission</i>	Implement all MEA projects Develop and provide guidance to the Royal Government on environmental issues Executing Body for MSP NCSA project	Overall responsibility to coordinate and implement the NCSA project	Limited number of staff	+ Better enforcement of EA laws and greater understanding of MEAs. Better monitoring capabilities
<i>Department of Local Governance</i>	Involvement of all Decentralization projects from the central level Provide training to the grassroots levels on basic administrative and financial procedures	Coordination with the DYT and GYT during the implementation phase	Newly established department. Limited manpower and also lack of expertise in the environment related areas	+ Greater understanding and capability to implement environment provisions of DYT and GYT Act
<i>Royal Civil Service Commission</i>	Overall responsible in identifying and implementing training programmes and higher studies Responsible in training programmes of the project	Oversee training programme at the implementation phase	Training can be done provided availability of funds	+ Technical capability of Dzongkhag and geog staff development
<i>Planning Commission</i>	To include all projects and activities into the 10FYP Incorporation of the NCSA project in the overall plan	To see that the environmental activities are in line with the government plans and policies	No involvement until the project ends	
<i>Department of Aid and Debt Management</i>	Signing of Agreement Release of budget to local project	Signing the MSP Agreement and release of budget to NEC for implementation		+ Budget to implement projects that support MEAs in Bhutan.
<i>Environmental Units in line ministries</i>	To train and facilitate other organizations related to environmental. Issues	Facilitate the NCSA project as resource person related to environment issues	Newly established unit in most of the line ministries therefore, shortage of manpower, shortage	+ Capacity to take on bigger role as Competent

Stakeholders	Institutional Mandate	Roles and Responsibility in the Project	Constraints	Interest in Project +/-
	To maintain environmental database and serve as environmental advisor to their respective ministries		of experts/trainers	Authorities increased
<i>Environmental Unit of Ministry and Agriculture and Ministry of Trade and Industry</i>	To facilitate other organizations related to environmental. issues	<p>These two units are involved in Land Degradation project funded by WB and GEF.</p> <p>These units will be greatly involved in NCSA project to advise and coordinate between Land degradation project and NCSA so that there is no overlap of activities</p>		+ Capacity to take on bigger role as Competent Authority increased
II. Local Government Level				
<i>Dzongkhag Development Committee (DYT)</i>	<p>The DYT chairman will be responsible in managing the project at local level</p> <p>The MSP will be coordinated and implemented at the grassroots level</p>	The DYT chairman will be responsible in managing the project at local level	<p>No institutional capacity to train the local people</p> <p>No funds</p>	<p>+ Projects in the Dzongkhags are implemented on time</p> <p>Technical capability to understand and implement the environmental provisions under the DYT Act is strengthened</p>
<i>District Environment Committee (DEC)*</i>	<p>The DEC members will be responsible to coordinate at the local level</p> <p>DEC will be involved in the implementation of the all local projects</p>	The DEC members will be responsible for coordinating at the local level	The DEC members are frequently replaced by new members	<p>+ Capacity as Competent Authority is enhanced</p> <p>Environmental monitoring in the Dzongkhags is more effective</p>
<i>Geog Development Committee (GYT)</i>	The GYT will be responsible in implementation of the projects at grassroots level	The GYT will be responsible in implementation of all projects at grassroots level	No institutional capacity to manage environmental projects	+ Projects in the Geogs are implemented on time.

Stakeholders	Institutional Mandate	Roles and Responsibility in the Project	Constraints	Interest in Project +/-
			No funds	Technical capacity to understand and implement the environmental provisions under the GYT Act strengthened

5. REQUIRED ATTACHMENTS

I. PDF-A Completion report



PDF/ PPG STATUS REPORT



GEFSEC PROJECT ID:

UNDP PROJECT ID: 3964

COUNTRY: Bhutan

PROJECT TITLE: Enhancing Global Environmental Management in Local Governance System

OTHER PROJECT EXECUTING AGENCY (IES): National Environment Commission

GEF FOCAL AREA: Multi focal area

GEF OPERATIONAL PROGRAM: Capacity Building

STARTING DATE: 26 Jan 2006

ESTIMATED DATE OF OPERATIONAL CLOSURE: 31 June 2006

ESTIMATED DATE OF FINANCIAL CLOSURE: 1 APRIL 2007

Report submitted by:

Organization	Name	Title	Date
UNDP	Toshihiro Tanaka	Resident Representative	16 March 2007
National Environment Commission (NEC)	Karma Tshering	Programme Officer	16 March 2007

PART I - PREPARATORY ASSISTANCE ACHIEVEMENTS

A- SUMMARY OF ACTUAL ACHIEVEMENTS OF PREPARATORY PHASE (OUTPUTS AND OUTCOMES), AND EXPLANATION OF ANY DEVIATIONS FROM EXPECTED OUTCOMES

The request for a PDF-A funding from GEF was made by the National Environment Commission (NEC)

The PDF-A document for the purpose of preparing a Medium Sized Proposal (MSP) was signed by the Royal Government of Bhutan, National Environment Commission and the UNDP- Thimphu in January 2006 to be implemented by the National Environment Commission with a time frame of 6 months Jan - June 2006. This PDF-A implementation was done in close collaboration with the Senior officials from National Environment Commission, Dept of Local Governance under Ministry of Home and Cultural Affairs and UNDP

In developing the project proposal, inputs were secured from a number of stakeholders. At the outset, the NECS organized an Introductory Workshop for two days from 14-15 February 2006. The workshop was assisted by the international and local consultants. Based on the consensus reached at this workshop, the Project Management – with the assistance of an international consultant – drafted a process plan for the MSP. The draft of the full project proposal was circulated to the stakeholders for review and comments before finalization.

During the 6 months of the project implementation period from Jan to June 2006, quarterly financial and progress reports were reported to UNDP on time.

The Project proposal was successfully completed and submitted to GEF through Department of Aid and Debt Management, Ministry of Finance and Country UNDP, Bhutan.

The UNDP-GEF MSP proposal was submitted to UNDP, Thimphu for the GEF funding support of USD 475,000 in May 2006 with the following outcomes:

1. Enabled central-level framework to enhance decentralized capacity for environmental management and implementation of the provisions of the 3 Rio Conventions.
2. Enabled decentralized institutional framework and personnel to enhance local environmental management, which include implementation of the Rio Conventions' provisions
3. Existing Environmental Information Management System enhanced to backstop national policy and decision making in response to global environmental management needs as per the provisions of the Rio Conventions

Table 1: Completion status of Project Activities

Approved			Actuals			
Proposed Activities at Approval	GEF Financing	Co-financing	Status of activities	GEF financing committed	Co-financing committed	Uncommitted GEF funds
National agencies capable of strengthening local agency capacity to implement Rio Conventions			Completed			
Local governments in pilot dzongkhags and geogs(district & blocks) taking necessary steps to implement Rio conventions	3,000		Completed			
Multi-stakeholder consultations including donors	3,000		Completed	100		
Preparation of MSP project brief	19,000	4,500	Completed	24,900	4,500	
Total	25,000	4,500		25,000	4,500	

B – RECORD OF STAKEHOLDER INVOLVEMENT IN PROJECT PREPARATION

A **Project Steering Committee (PSC)** was established during the PDF-A phase and will continue for the MSP with representatives from: (i) NECS; (ii) DLG; (iii) MoA; (iv) DADM, Ministry of Finance; (v) MoHCA; (vi) DoP; (vii) Royal Civil Service Commission; (viii) a Representative from the DECs; (viii) Danida; and (ix) UNDP or UNDP/GEF. In this regard, all key decentralization stakeholders was represented. Notably, *the PSC a also had representation from the three Rio Convention Focal Points*, as CBD and UNCCF were represented by NEC, whereas MoA represented UNCCD.

With the establishment of Project Management, NECS organized an Introductory Workshop for two days from 15-16 February 2006. The workshop was assisted by the international and local consultants. Based on the consensus reached at this workshop, the Project Management – with the assistance of international consultant – drafted a process plan for the MSP. The draft of the full project proposal was circulated to the stakeholders for review and comments before finalization.

PART II - PREPARATORY ASSISTANCE financial delivery

TABLE 2 – PDF/PPG INPUT BUDGET – APPROVALS AND COMMITMENTS

<i>Input Description*</i>	<i>Approved</i>			<i>Committed</i>		
	<i>Staff weeks</i>	<i>GEF financing</i>	<i>Co-finance</i>	<i>Staff weeks</i>	<i>GEF financing</i>	<i>Co-finance</i>
<i>Personnel</i>			3,000			3,000
<i>Local consultants</i>		7,000			7,100	
<i>International consultants</i>		7,000			13,700	
Service Contract		5,000			4,100	
Training						
Office Equipment			1,500			1,500
Travel		3,000				
Miscellaneous		3,000			100	
Total		25,000	4,500		25,000	4,500

Note: Miscellaneous expenses includes refreshments (Tea/coffee/snacks) during meetings

Additional information as relevant:

- Indicate PDF/PPG delivery rate (funds disbursed at time of operational closure as percentage of total GEF allocation): **100%**
- Indicate whether it is expected that there will be unspent PDF/PPG funds at the time of financial closure: **No**
- Provide justification for major deviations of actual disbursement from what was planned.

TABLE 3: ACTUAL PDF/PPG CO-FINANCING

Co-financing Sources for Preparatory Assistance				
Name of Co-financier (source)	Classification	Type	Amount	
			Expected (\$)	Actual (\$)
Royal Government of Bhutan	National Government	In-kind	4,500	4,500
Total co-financing			4,500	4,500

Additional information as relevant:

- Provide explanation for major deviations from what was planned

II. ENDORSEMENT LETTER OF THE NATIONAL GEF OFP



དངུལ་རྩིས་ལྷན་ཁག།
གྲོགས་རམ་དང་རྒྱུན་འགྲུལ་འཛིན་སྐྱོང་ལས་ཁུངས།
DEPARTMENT OF AID & DEBT MANAGEMENT
MINISTRY OF FINANCE
ROYAL GOVERNMENT OF BHUTAN

DADM/UNDP-3P(08)/NCSA/ 3665

April 28, 2006

The Resident Representative
United Nations Development Programme
Thimphu.

Subject: Endorsement of MSP Project "Local Environmental Global Environmental Management in Local Government System".

Sir,

This is to inform you that the captioned project proposal is endorsed by the Royal Government of Bhutan and the GEF Operational Focal Point in Bhutan. In addition, by this same letter, we would also like to confirm the commitment of the government amounting to **USD 168,846** in kind reflected in the project document.

We would therefore appreciate if the enclosed project proposal is kindly submitted to the GEF for financing.

Thank you for your continued support.

Yours sincerely,


(Sonam Wangchuk)
Director General

CC: The Director, National Environment Commission, Thimphu.

THIMPHU: BHUTAN, Post Box No. 1032, Phone: (00975) 2- 326777/326779 Fax : (00975) 2-326779

III. COMMITMENT LETTER



དཔལ་ལྷན་འབྲུག་གཞུང་།

ཏཱི་ཡོངས་མཐའ་འཁོར་གནས་སྤངས་ལྷན་ཚོགས་ཡིག་ཚང་།

**ROYAL GOVERNMENT OF BHUTAN
NATIONAL ENVIRONMENT COMMISSION SECRETARIAT**

Ref: NEC/PCD/

24 April 2006

To
The Project Coordinator
NCSA Project
Thimphu

Subject: Endorsement letter for MSP for the institutional Capacity Building

I would like to inform you that under the Danida ESPS project a budget of US \$ 53,846.00 has been allotted for the long term training on Environment Management and Information for 4 *Dzongkhag* Environment Officers. The objective of this training is to enhance the capacity of the local environment officerS at the *Dzongkhag* level.

With best regards

Yours Sincerely,

Ugen Tenzin
Program Director
ESPS Danida Program

NECS, PO Box 466, Thimphu, Bhutan
 Telephone: (975-2) 323384/325856/324323/326993 Fax: (975-2) 323385
 Email addresses
 AFD admnec@druknet.net.bt
 Technical Division
 EIA Section: eanec@druknet.net.bt
 RMS Section: rnmec@druknet.net.bt
 ICO section: cunec@druknet.net.bt
 Policy Coordination Division
 Policy Analysis Section: ppdnec@druknet.net.bt
 Legal Section: legalnec@druknet.net.bt

IV. LOGICAL FRAMEWORK ANALYSIS (LFA)

Project Strategy	Objectively verifiable indicators			Sources of verification	Assumptions
	Indicator	Baseline value	Target value and date		
Long-term goal: To ensure effective environmental management in Bhutan in support of its national socio-economic goals and fulfillment of its Rio Conventions obligations.					
Project objective: To enhance global environmental management by mainstreaming the provisions of the Rio Conventions into enhanced decentralized environmental management.	▪	▪		▪	▪
Outcome 1: Enabled central-level (institutional) framework to enhance decentralized capacity for environmental management and implementation of the provisions of the 3 Rio Conventions	1.1 Operating DEC Focal Point Secretariat established within NEC	▪ No existing Focal Point	▪ Focal point to be established and operating by early 2008	▪ Staff list	▪ RGoB will commit to ongoing funding of the position
	1.2 Approved and funded training curriculum and related Action Plan for DECs on how to implement, comply with, and monitor Bhutanese commitments to the Rio Conventions	▪ No training curriculum or Action Plan	▪ Training curriculum and Action Plan to be established by early 2008	▪ Presentation of training curriculum and Action Plan of Project Steering Committee	▪ Expertise exists to develop training curriculum and Action Plan.
	1.3 Training of trainers learning materials for environmental management awareness	▪ No learning materials produced	▪ Learning materials to be produced by early 2008	▪ Presentation of learning materials to Project Steering Committee	▪ DEC members will attend training

Project Strategy	Objectively verifiable indicators			Sources of verification	Assumptions
	Indicator	Baseline value	Target value and date		
	and training workshops for DEC members developed.				
	1.4 NECS and line Ministries conducting/leading training of trainers.	<ul style="list-style-type: none"> No training of trainers currently taking place 	<ul style="list-style-type: none"> Training initiatives taking place by early 2008 	<ul style="list-style-type: none"> Evaluations of training exercises 	<ul style="list-style-type: none"> NECS and line Ministry staff available for training
Outcome 2: Enabled decentralized institutional framework and personnel to enhance local environmental management, which include implementation of the Rio Conventions' provisions	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none">
	<ul style="list-style-type: none"> 2.1 Institutional structure for DEC established in all Districts. 	<ul style="list-style-type: none"> DECs established, but without proper executive support 	<ul style="list-style-type: none"> Executive support for all 20 DEC in place by the end of 2008. 	<ul style="list-style-type: none"> NECS DEC Focal Point Secretariat 	<ul style="list-style-type: none"> Full financial support from RGoB.
	<ul style="list-style-type: none"> 2.2 Technical environmental management capacity established in each Dzongkhag 	<ul style="list-style-type: none"> Four officers sent for Master's degree training under EUSPS funding in early 2006. Minimal technical capacity exists in some DEC members 	<ul style="list-style-type: none"> Fully trained Environmental Officers to be in place by the end of 2008 	<ul style="list-style-type: none"> NECS DEC Focal Point Secretariat 	<ul style="list-style-type: none"> Full financial support from RGoB.
	<ul style="list-style-type: none"> 2.3 Increased capacity amongst DEC members to carry out decentralized environmental management. 	<ul style="list-style-type: none"> Initial environmental awareness training carried out by NECS with all DEC in 2005. However, environmental capacity is still rudimentary. 	<ul style="list-style-type: none"> DECs to be functioning as self-contained regulatory agencies by 2009 	<ul style="list-style-type: none"> Formal evaluation by independent consultant/government agency 	<ul style="list-style-type: none"> DECs will be fully trained and resourced by RGoB.

Project Strategy	Objectively verifiable indicators			Sources of verification	Assumptions
	Indicator	Baseline value	Target value and date		
	<ul style="list-style-type: none"> ▪ 2.4 DEC's funding decentralized environmental management activities 	<ul style="list-style-type: none"> ▪ No funding currently taking place. 	<ul style="list-style-type: none"> ▪ Actual disbursement of District-level funds by end of 2008 	<ul style="list-style-type: none"> ▪ Annual reporting by DEC's 	<ul style="list-style-type: none"> ▪ Fiscal decentralization continues according to RGoB plans.
<p>Outcome 3: Existing Environmental Information Management System enhanced to backstop national policy and decision making in response to global environmental management needs as per the provisions of the Rio Conventions</p>	<ul style="list-style-type: none"> ▪ 	<ul style="list-style-type: none"> ▪ 	<ul style="list-style-type: none"> ▪ 	<ul style="list-style-type: none"> ▪ 	<ul style="list-style-type: none"> ▪
	<ul style="list-style-type: none"> ▪ 3.1 Existence of working set of environmental indicators to measure the contribution of decentralized environmental management towards meeting global environmental objectives 	<ul style="list-style-type: none"> ▪ Rudimentary set of indicators has been developed by a stakeholder group 	<ul style="list-style-type: none"> ▪ Full set of environmental indicators to be agreed and in place by mid-2007 	<ul style="list-style-type: none"> ▪ State of the Environment Report 	<ul style="list-style-type: none"> ▪ Stakeholders can come to a consensus on appropriate indicators.
	<ul style="list-style-type: none"> ▪ 3.2 Rio Convention Focal Points are reporting according to Convention commitments 	<ul style="list-style-type: none"> ▪ Reporting in place, but tends to be qualitative 	<ul style="list-style-type: none"> ▪ Quantitative reporting to be in place by mid-2007, along with functioning Environmental Information Management System 	<ul style="list-style-type: none"> ▪ Feedback from Convention Secretariats 	<ul style="list-style-type: none"> ▪ Environmental Information Management System in place by mid-2007.

V. CAPACITY DEVELOPMENT MONITORING SCORECARD

Project/Programme Name:

Project/Programme Cycle Phase:

Date:

Capacity Result / Indicator	Staged Indicators	Rating	Score	Comments	Next Steps	Contribution to which Outcome
CR 1: Capacities for engagement						
Indicator 1 – Degree of legitimacy/mandate of lead environmental organizations	Institutional responsibilities for environmental management are not clearly defined	0				2
	Institutional responsibilities for environmental management are identified	1				
	Authority and legitimacy of all lead organizations responsible for environmental management are partially recognized by stakeholders	2				
	Authority and legitimacy of all lead organizations responsible for environmental management recognized by stakeholders	3				
Indicator 2 – Existence of operational co-management mechanisms	No co-management mechanisms are in place	0				1, 3
	Some co-management mechanisms are in place and operational	1				
	Some co-management mechanisms are formally established through agreements, MOUs, etc.	2				
	Comprehensive co-management mechanisms are formally established and are operational/functional	3				
Indicator 3 – Existence of cooperation with stakeholder groups	Identification of stakeholders and their participation/involvement in decision-making is poor	0				1, 2
	Stakeholders are identified but their participation in decision-making is limited	1				
	Stakeholders are identified and regular consultations mechanisms are established	2				
	Stakeholders are identified and they actively contribute to established participative decision-making processes	3				

Capacity Result / Indicator	Staged Indicators	Rating	Score	Comments	Next Steps	Contribution to which Outcome
.... Add your own indicator(s)						
CR 2: Capacities to generate, access and use information and knowledge						
Indicator 4 – Degree of environmental awareness of stakeholders	Stakeholders are not aware about global environmental issues and their related possible solutions (MEAs)	0				1
	Stakeholders are aware about global environmental issues but not about the possible solutions (MEAs)	1				
	Stakeholders are aware about global environmental issues and the possible solutions but do not know how to participate	2				
	Stakeholders are aware about global environmental issues and are actively participating in the implementation of related solutions	3				
Indicator 5 – Access and sharing of environmental information by stakeholders	The environmental information needs are not identified and the information management infrastructure is inadequate	0				3
	The environmental information needs are identified but the information management infrastructure is inadequate	1				
	The environmental information is partially available and shared among stakeholders but is not covering all focal areas and/or the information management infrastructure to manage and give information access to the public is limited	2				
	Comprehensive environmental information is available and shared through an adequate information management infrastructure	3				
Indicator 6 – Existence of environmental education programmes	No environmental education programmes are in place	0				
	Environmental education programmes are partially developed and partially delivered	1				
	Environmental education	2				

Capacity Result / Indicator	Staged Indicators	Rating	Score	Comments	Next Steps	Contribution to which Outcome
	programmes are fully developed but partially delivered					
	Comprehensive environmental education programmes exist and are being delivered	3				
Indicator 7 – Extend of the linkage between environmental research/science and policy development	No linkage exist between environmental policy development and science/research strategies and programmes	0				
	Research needs for environmental policy development are identified but are not translated into relevant research strategies and programmes	1				
	Relevant research strategies and programmes for environmental policy development exist but the research information is not responding fully to the policy research needs	2				
	Relevant research results are available for environmental policy development	3				
Indicator 8 – Extend of inclusion/use of traditional knowledge in environmental decision-making	Traditional knowledge is ignored and not taken into account into relevant participative decision-making processes	0				
	Traditional knowledge is identified and recognized as important but is not collected and used in relevant participative decision-making processes	1				
	Traditional knowledge is collected but is not used systematically into relevant participative decision-making processes	2				
	Traditional knowledge is collected, used and shared for effective participative decision-making processes	3				
.... Add your own indicator(s)						
CR 3: Capacities for strategy, policy and legislation development						
Indicator 9 – Extend of the	The environmental planning and	0				

Capacity Result / Indicator	Staged Indicators	Rating	Score	Comments	Next Steps	Contribution to which Outcome
environmental planning and strategy development process	strategy development process is not coordinated and does not produce adequate environmental plans and strategies					
	The environmental planning and strategy development process does produce adequate environmental plans and strategies but there are not implemented/used	1				
	Adequate environmental plans and strategies are produced but there are only partially implemented because of funding constraints and/or other problems	2				
	The environmental planning and strategy development process is well coordinated by the lead environmental organizations and produces the required environmental plans and strategies; which are being implemented	3				
Indicator 10 – Existence of an adequate environmental policy and regulatory frameworks	The environmental policy and regulatory frameworks are insufficient; they do not provide an enabling environment	0				
	Some relevant environmental policies and laws exist but few are implemented and enforced	1				
	Adequate environmental policy and legislation frameworks exist but there are problems in implementing and enforcing them	2				
	Adequate policy and legislation frameworks are implemented and provide an adequate enabling environment; a compliance and enforcement mechanism is established and functions	3				
Indicator 11 – Adequacy of the environmental information available for decision-making	The availability of environmental information for decision-making is lacking	0				
	Some environmental information exists but it is not sufficient to support environmental decision-making processes	1				

Capacity Result / Indicator	Staged Indicators	Rating	Score	Comments	Next Steps	Contribution to which Outcome
	Relevant environmental information is made available to environmental decision-makers but the process to update this information is not functioning properly	2				
	Political and administrative decision-makers obtain and use updated environmental information to make environmental decisions	3				
.... Add your own indicator(s)						
CR 4: Capacities for management and implementation						
Indicator 12 – Existence and mobilization of resources	The environmental organizations don't have adequate resources for their programmes and projects and the requirements have not been assessed	0				1, 2
	The resource requirements are known but are not being addressed	1				
	The funding sources for these resource requirements are partially identified and the resource requirements are partially addressed	2				
	Adequate resources are mobilized and available for the functioning of the lead environmental organizations	3				
Indicator 13 – Availability of required technical skills and technology transfer	The necessary required skills and technology are not available and the needs are not identified	0				1, 2
	The required skills and technologies needs are identified as well as their sources	1				
	The required skills and technologies are obtained but their access depend on foreign sources	2				
	The required skills and technologies are available and there is a national-based mechanism for updating the required skills and for upgrading the technologies	3				
.... Add your own indicator(s)						

Capacity Result / Indicator	Staged Indicators	Rating	Score	Comments	Next Steps	Contribution to which Outcome
CR 5: Capacities to monitor and evaluate						
Indicator 14 – Adequacy of the project/programme monitoring process	Irregular project monitoring is being done without an adequate monitoring framework detailing what and how to monitor the particular project or programme	0				3
	An adequate resourced monitoring framework is in place but project monitoring is irregularly conducted	1				
	Regular participative monitoring of results in being conducted but this information is only partially used by the project/programme implementation team	2				
	Monitoring information is produced timely and accurately and is used by the implementation team to learn and possibly to change the course of action	3				
Indicator 15 – Adequacy of the project/programme evaluation process	None or ineffective evaluations are being conducted without an adequate evaluation plan; including the necessary resources	0				
	An adequate evaluation plan is in place but evaluation activities are irregularly conducted	1				
	Evaluations are being conducted as per an adequate evaluation plan but the evaluation results are only partially used by the project/programme implementation team	2				
	Effective evaluations are conducted timely and accurately and are used by the implementation team and the Agencies and GEF Staff to correct the course of action if needed and to learn for further planning activities	3				
.... Add your own indicator(s)						