



# Enhancing the Climate Resilience of Urban Landscapes and Communities in Thimphu-Paro region of Bhutan (ECRUL)

Review CEO Endorsement and Make a recommendation

## Basic project information

**GEF ID**

11109

**Countries**

Bhutan

**Project Name**

Enhancing the Climate Resilience of Urban Landscapes and Communities in Thimphu-Paro region of Bhutan (ECRUL)

**Agencies**

UNDP

**Date received by PM**

6/27/2024

**Review completed by PM**

11/28/2024

**Program Manager**

Tshewang Dorji

**Focal Area**

Climate Change

**Project Type**

FSP

**PIF  
CEO**

**Part I - General Project Information**

**1. a) Is the Project Information table correctly filled, including specifying adequate executing partners?**

Secretariat comment at CEO Endorsement Request  
GEFSEC, 11/25/2024

Cleared. Thanks

Updated: GEFSEC, 11/22/2024

Please classify latest version of document as ?Public?, so as to enable circulation to the LDCF SCCF Council.

GEFSEC, 11/19/2024:

Cleared. Thanks

GEFSEC, 11/6/2024:

Kindly remove all the highlights from the text of the CEO Endorsement request portal view.

GEFSEC, 8/16/2024: Yes

**Agency Response**

**11/25/2024: Prodoc and CEO ER are re-uploaded and classified as Public**

**11/18/2024: All changes have been incorporated as advised.**

25/09/2024: We acknowledge the comment.

**b) Are the Rio Markers for CCM, CCA, BD and LD correctly selected, if applicable?**

Secretariat comment at CEO Endorsement Request

GEFSEC, 8/16/2024: Yes

Agency Response

25/09/2024: We acknowledge the comment.

**2. Project Summary.**

**a) Does the project summary concisely describe the problem to be addressed, the project objective and the strategies to deliver the GEBs or adaptation benefits and other key expected outcomes?**

**b) Does the summary capture the essence of the project and is it within the max. of 250 words?**

Secretariat comment at CEO Endorsement Request

GEFSEC, 8/16/2024: Yes

Agency Response

25/09/2024: We acknowledge the comment.

**3. Project Description Overview**

**a) Is the project objective statement concise, clear and measurable?**

**b) Are the components, outcomes, and outputs sound, appropriate and sufficiently clear to achieve the project objective and the core indicators per the stated Theory of Change?**

**c) Are gender dimensions, knowledge management, and M&E included within the project components and budgeted for?**

**d) Are the GEF Project Financing and Co-Financing contributions to PMC proportional?**

**e) Is the PMC equal to or below 10% (for MSP) or 5% (for FSP)? If above, is the justification acceptable?**

Secretariat comment at CEO Endorsement Request

Updated, GEFSEC, 9/29/2024:

b) Please refer to comments under 5 (1) (c), and update the project overview table as needed.

GEFSEC, 8/16/2024:

a) Yes

b) Please refer to comments under 5 (1) (c).

c) On Gender: Kindly integrate some of the indicators developed in the Gender Action Plan in the Results Framework, such as in Indicator 3, number of gender responsive policies; Indicator 5, number of private sector in NbS led by women or contribute to GE results, among others.

d) Yes

e) Yes

## Agency Response

10/18/2024

Agency Response

B) Please refer to responses in section 5 (1) (c)

Incorporated changes in the Results Framework as recommended. Please refer ProDoc page 78-83 (Project result framework) and page 69-70, Annex C (Project result framework) in CEO Endorsement Form

25/09/2024: Thank you for the comments. This is addressed under section 5.

### 4. Project Outline

#### A. Project Rationale

- a) **Is the current situation (including global environmental problems, key drivers of environmental degradation, climate vulnerability) clearly and adequately described from a systems perspective and adequately addressed by the project design?**
- b) **Have the role of stakeholders, incl. the private sector and local actors in the system been described and how they will contribute to GEBs and/or adaptation benefits and other project outcomes? Is the private sector seen mainly as a stakeholder or as financier?**
- c) **If this is an NGI project, is there a description of how the project and its financial structure are addressing financial barriers?**

Secretariat comment at CEO Endorsement Request

GEFSEC, 11/3/2024:

Cleared with thanks.

GEFSEC, 9/29/2024:

b) Thank you very much for the updates. It is well noted on the role of private sector as a service provider for implementing various infrastructure component of the project. It is also noted that Entrepreneurship program linking with the Economic Stimulus plan will be developed. However, please provide additional information on how NbS entrepreneurship with ESP linkage will look like in practical term. Also, clarify under which output will the entrepreneurship will be developed?

It is mentioned that a localized private sector engagement strategy will be developed under output 1.4 and 1.5. Please update the output 1.4 and 1.5 with these additional details.

In addition, the Stakeholder Engagement Plans presents a limited evidences on the consultation with relevant private sector, including BCCI. Please provide, if available.

Thanks for bringing onboard private sector on TACC. Please update the diagram of the institutional arrangement with inclusion of private sector in the TACC.

Finally, the project refers to the Stakeholder Engagement Plan in annex 8 in the prodoc. However, the link provided there does not work. Please confirm the link or provide annex 8.

GEFSEC, 8/16/2024:

a) Yes, the current situations are described well.

b) Yes, the role of the stakeholders, including private sector is described. The project has a significant role for private sector as a stakeholder as well as potential financier to deploy Nature Based Solution and sustainability of the project outcome. However, there is a limited evidence to suggest that private sector is adequately consulted, which might undermine the sustainability.

c) n/a

#### Agency Response

10/18/2024

#### Agency Response

a) -

b) The output 1.5 related to the NbS entrepreneurship will complement ESP, of which, noteworthy ones will have provision startup support, capacity development training, market facilitation and access to finance for the entrepreneurs. These activities are proposed to create new NbS entrepreneurs and further enhance capacity of the existing ones. The existing entrepreneurs ready with ideas and ventures will be able to access funding opportunities under the ESP initiative and also have provision to avail equipment support to upscale and enhance their capacity via various training programmes in the areas of NBS. The department will initiate an NbS accelerator program to support NbS entrepreneurship through this project. Examples of green entrepreneurship area green venture called *Kitshel Garden*, a commercial nursery farm based in Thimphu. They can avail startup loans to upscale their enterprise or promoters may seek equipment support to upscale the venture. Upscaling of the enterprise will create green jobs while also contributing to green urban landscape development. The primary outputs of such entrepreneurship are creation and promotion of green jobs and sustainable enterprises, contributing to socio-economic development in the urban areas.

The private sector is at a nascent stage in Bhutan. However, they were engaged and consulted starting from the PIF stage in 2022 to identify challenges and opportunities. During the PPG phase, the project specifically had a meeting with the private sector including the representatives from Bhutan Chamber of Commerce and Industries (BCCI) held on 15th January 2024, to sensitize about the project as well as solicit suggestions and recommendations to formulate relevant interventions such as building entrepreneurship ecosystem and innovative and blended finance. Please refer to page number 77-78 under Annex 8: Stakeholder Engagement Plan for further details. The project will continue to engage all the relevant stakeholders including the private sectors during the project implementation phase as reflected in the SEP for effective project implementation. The private sector representative added in the TACC. Please refer to the Prodoc (page 98- Governance and Management Arrangements) and in CEO Endorsement Form (page 53/Section A :Institutional Arrangement)

The output 1.5 changed as proposed. Please refer to ProDoc (page number 38: Table 6, Output in Activity 1.5) and in the CEO Form (page number 37, Section A, 1.5 Activity/Sub-Activity).

The link for the Stakeholder Engagement Plan in Annex 8 in the ProDoc is working.

25/09/2024: a) The response is well noted. Thank you.

b) The private sector partners were engaged and consulted starting from the initial stage during the PIF design, to explore opportunities to actively engage the private sector in the implementation of the key priorities of the project. The PPG has further intensified focused conversations with private sector entities as well as finance sector regulators. The private sector entities included entrepreneurs and the Bhutan Chamber of Commerce and Industry (BCCI), while financial institutions included the central bank, commercial banks, micro-financiers including CSOs, insurance companies.

The active engagement and participation of stakeholders led to:

- i. A comprehensive Stakeholder Engagement Plan that will guide the role and engagement of stakeholders during the entire project implementation phase.
- ii. The private sector will have a role in the implementation of activities related to developing plans and designs including the construction of climate resilient infrastructures as service providers. Further, under Output 1.4 and 1.5 a localized strategy for private sector involvement in NbS implementation will be developed to have further clarity on the specific opportunities as service providers. In particular, the project will support entrepreneurship programs related to NbS, to create an avenue for establishing new businesses as well as accelerating entrepreneurs focusing on NbS. The entrepreneurs will be linked to financing mechanisms like the GoB's Economic Stimulus Plan to ease access to finance, skills and technologies. In order to link to the market as well as create a platform to demonstrate NbS and resilient technologies, the project will support symposiums and trade shows that can open up demand for scale up.
- iii. A representative from the private sector will be represented as a member to the Technical Advisory Coordination Committee (TACC) guaranteeing private sector engagement in providing strategic and technical guidance to the PMU and the Board.

The above information is added under the Project Description Section (page 23-24) the CEO Endorsement Request and UNDP Project Document (page 23).

## **5 B. Project Description**

**5.1 a) Is there a concise theory of change (narrative and an optional schematic) that describes the project logic, including how the project design elements are contributing to the objective, the identified causal pathways, the focus and basis (including scientific) of the proposed solutions, how they provide a robust approach? Are underlying key assumptions listed?**

**b) Is there a description of how the GEF alternative will build on ongoing/previous investments (GEF and non-GEF), lessons and experiences in the country/region?**

**c) Are the project components (interventions and activities) described and proposed solutions and critical assumptions and risks properly justified? Is there an indication of why the project approach has been selected over other potential options?**

**d) Incremental/additional cost reasoning: Is the incremental/additional cost reasoning properly described as per the Guidelines provided in GEF/C.31/12? Has the baseline scenario and/or associated baseline projects been described? Is the project incremental reasoning provisioned (including the role of the GEF)? Are the global environmental benefits and/or adaptation benefits identified?**

- e) **Other Benefits:** Are the socioeconomic benefits resulting from the project at the national and local levels sufficiently described?
- f) Is the financing presented in the annexed financing table adequate and demonstrate a cost-effective approach to meet the project objectives? Are items charged to the PMC reasonable according to the GEF guidelines?
- g) How does the project design ensure resilience to future changes in the drivers and adaptive management needs and options (as applicable for this FSP/MSP)?
- h) Are the relevant stakeholders (including women, private sector, CSO, e.g.) and their roles adequately described within the components?
- i) **Gender:** Does the gender analysis identify any gender differences, gaps or opportunities linked to project/program objectives and activities and have these been taken up in component design and description/s?
- j) Are the proposed elements to capture and disseminate knowledge and learning outputs and strategic communication adequately described?
- k) **Policy Coherence:** Have any policies, regulations or subsidies been identified that could counteract the intended project outcomes and how will that be addressed?
- l) **Transformation and/or innovation:** Is the project going to be transformative or innovative? Does it explain scaling up opportunities?

Secretariat comment at CEO Endorsement Request  
GEFSEC, 11/19/2024:

Cleared. Thanks

GEFSEC, 11/4/2024:

c. Outcome 2:

Please update the activity table, as applicable

GEFSEC, 9/29/2024:

Based on the following comments, if the budget outlay for each component needs to be adjusted among different component, please feel free to make necessary adjustment.

Please address the following comments:

**Component 1:**

Output 1.1: Thank you for the clarification. However, it was understood that the "Strategy and Operational Framework for streamlined inter-agency coordination" is a very important output of the project that will harmonize existing institutional barriers and coordination issues within the multiple sector and partners involved in urban planning. Given its importance, it is critical to recognize that project has a significant potential to make meaningful contribution to resolve the coordination issues, if not, once and for all. Therefore, while acknowledging MoIT as the main Ministry responsible for urban planning, resolving such complex coordination issues deserve higher level political attention

and engagement of multi-level governance and communities to enable Whole-of-Society approach. Towards this end, it is humbly suggested that the efforts are being made to table the outcome document "Strategy and Operational Framework for streamlined inter-agency coordination" to the highest level of the government for its consideration. Alternatively, RCUD as an apex body, can also consider adopting outcome document "Strategy and Operational Framework for streamlined inter-agency coordination" and enforce its implementation. This will also ensure the political buy-in of the urban planning agenda with positive affect on resource decisions into the future. Please consider to include specific activities relating to the formalization under output 1.1

Thank you also for highlighting mandate of RCUD in the context of urban planning. Please clarify how this project is going to provide concrete support to the realization of its mandate(s), given the importance the Royal Commission to the Royal Government and the potential contribution that project can make to support the Commission in realizing its mandate.

Output 1.2: Thank you. Cleared with the understanding that the project will address gaps in downscaled vulnerability and climate impacts data, if those information and data generations are not currently being supported by the NSDI. It is important to ensure it will be integrated with the national system of NSDI. Therefore, this output needs to be implemented in close collaboration with National Land Commission.

Output 1.3: Thank you for clarification that local government will be at the driving seat for preparation of local plans, while central agencies will provide technical support. Also, well noted that NbS will be integral part of the plan. Cleared.

With regards to Entrepreneurship program, it needs further clarification on types, nature and how will it be promoted. As mentioned in the revised CEO endorsement document, the current examples from Ministry of Education and Skills Development and other ministries, such as springboard, could offer a good insights and lessons, but needs further clarity on how it will be implemented under this project. Please update the activity table in the light of clarification, and highlight those changes for easy reference.

Output 1.4: Cleared with much thanks for taking strategic approach on the issues regarding capacity building.

Output 1.5: Thank you for the clarification on CCP. Please ensure that it is captured by Core Indicator #3.

On the innovative financing modalities, per discussion, please adjust the Activity table to reflect that the project will conduct feasibility assessment of various NbS financing models in Urban development.

Thanks for articulating TA support to the financial institutions.

## **Component 2**

Output 2.1: Thanks for providing details sites of the intervention. Please update activity table as per the narratives and highlight those changes for easy reference. Also, duly noted on the planned study for governance options for water management. Pleased to note that the output will support Water Services Master Plan and the Green Infrastructure and Open Space master plan for Thimphu.

Output 2.2: Thanks you for the additional information and enhanced of total land area under the climate resilience management. The narratives provided under this section of the review sheet is not fully incorporated in the CEO Endorsement document. Kindly update the activity table as per the narrative and highlight those changes. Also, please specify how much of 99ha urban forestry are split between Thimphu and Paro. We encourage that this output to support implement Green Infrastructure and open Space Master Plan for Thimphu, and similarly for Paro

Output 2.3: Thanks for providing additional clarification. Kindly include the narratives under this output of the CEO endorsement document. Please clarify, if the building on Paro will be a retrofitting or new construction.

d). Thank you for the details. Cleared

f). Please outline how the budget has been rationalized. If the budget has been changed since last submission, please reflect by how much. Suggest to reduce printing, unless necessary, to ensure efficient utilization of the resources. .

g). Thank you.

h). A documentation to suggest private sector consultation will be helpful, if available.

k). Thank you for the information on the RCUD. It will be appreciated, if details can be provided on how the project is going to support the mandate of the RCUD, as mentioned under output 1.1

l). Thank you. Cleared.

GEFSEC, 8/16/2024:

a) Yes

b) Linkage with some of the baseline projects and initiatives mentioned during the PIF stage has not been clearly articulated with the current suggested interventions. For example, there is no description on how the current intervention of SCADA system is going to build on the ongoing ADB interventions. Lack of such description and analysis may results in duplication of efforts, thus undermining the effectiveness. Please describe how this project is going to build on ongoing or past interventions, including from lessons and experiences.

c)

**Component 1:**

Output 1.1: It is well noted that the project will develop "Strategy and Operational Framework for streamlined inter-agency coordination". During the PIF, it was mentioned that this framework will be "formalized and implemented at all levels within the government". This idea of formalization is missing at the current stage. Please clarify on how the product of this output will be adopted by the government, with the view to ensure that the project- identified solutions can facilitate inter-agency coordination and information/data sharing to revolutionize climate resilient urban planning in Bhutan.

Output 1.2: Well noted on the need to establish climate and geospatial information system. However, we suggest that this intervention could link with ongoing work by the National Land Commission on the National Spatial Data Infrastructure, which has the intent to improve climate change planning. This may help in long term sustainability of the project solutions.

Output 1.3: It is understood that Thimphu has a Thimphu Structural Plan (Plan) and Paro valley plan that provides basis for inclusion of NbS. In this regards, it is important that central agencies are available to provide technical support to integrate NbS in the local plans, while local municipalities spearhead the planning process.

Secondly, it is suggested that NbS forms center of this locally led plans, which , which is inline with regional documents and plans.

Third, it is unclear on how the project will support climate resilient entrepreneurship. For example, what are different types of measures that project is proposing to support entrepreneurs? How have this been finalized? cost?, funding modalities etc? Detail articulation on the private sector engagement and entrepreneurs, including on the support going to be made available will be useful.

Output 1.4: We acknowledge the strategic importance of capacity building and welcome various activities outlined. However, the approach for institutionalization of capacity building is not clear. We suggest to review and clarify the modalities to deliver capacity building strategically. For example, the approach can be rationalize to provide hands-on capacity building that tackles capacity-building gaps and needs of the practioners, followed by integration into the college ciruculum, to ensure insitutionlization for ong-term sustainability of the project-developed training and project-facilitated learning. It is also useful to justify finalization of CST as the training center, given the fact that PIF has listed VTIs and other institution as the potential training center. Current WB project might provide insights to improve capacity building modalities, including online courses as suggested during the PIF

Output 1.5: A new idea such as "Climate Prosperity Plan" is introduced here. Please provide details on what it is and how it is relevant to the project?.

Secondly, this output is expected to introduce innovative financing solutions, largely around the incentive/subsidies structure to stimulate private sector engagement for resilience building, including taxation models. This document is missing better clarity on such financing mechanism, despite being promised during the PIF. PES, although relevant, is an idea developed through series of GEF intervention, and it should provide valuable insights to scale it up. In addition, the document also

mentions Annex 24 as the outcome of preliminary mapping exercise of the existing innovative financing mechanism. However, the referred Annex 24 doesn't seem to reflect the mapping exercise.

Need further clarity on the nature TA support to the financial institutions, including expected outputs

### **Component 2:**

Output 2.1: For Thimphu, the PIF was approved with the understanding that PPG phase will provide more information on the critical sections of the stormwater drainage system that the project will compliment on the Govt investment on the drainage system. While Debsi LAP is mentioned in the activity table, other places where the interventions are not reflected clearly. Also, would be useful to know source and quantum of the co-financing injection for the actual infrastructure.

Also, welcome effort to digitize water supply system. However, it might be useful to study the governance options for operation and maintenance of water supply system to ensure uninterrupted water supply in the face of changing climate.

### Output 2.2:

Please provide details on the road side greening of Paro and Thimphu city, stormwater retention pond in Thimphu, if any, and urban forestry plan beyond river corridor (adjacent to roads, sidewalks, and smaller open urban areas as mentioned in the PIF) for urban heat management and greener infrastructure against concretization to improve infiltration.

### Output 2.3

The PIF has proposed an idea to incorporate flood evasion and water harvesting and retention in the building sector in addition to building standards and codes. Details would be needed how the project can advance this. The current articulation is very vague on the interventions as well as on the ways to work with national housing agency.

d) Please provide details on how the the interventions are building upon/informed by the baseline projects?. For example, the GEF-7 LDCF funded project on ACREWAS has number of elements will be useful for the design and implementation of this project.

e) Yes

f) Please rationalize the budget allocation according to the need. For example, the budget allocation for the capacity building and printing may be reviewed for its effective use.

g) Need more details.

h) Yes, but no evidence to suggest there was adequate consultation with private sector

i)Yes

j)Yes

k) The project has a opportunities to achieve policy coherence in the urban planning, provided it remains relevant to support the work of Royal Commission on Urban Development. Unfortunately, the current document doesn't reflect the strategic alignment, adequately.

l) With minor adjustment of the project design, it has a opportunity to spur transformation in urban planning and innovate financing for climate resilience with impact on scaling up. However, this current version of the document need to strengthen based on the approved PIF

### Agency Response

**11/18/2024: The Activities tables under Outcome 2 have been updated to include further details of the activities as reflected in the narrative.**

10/18/2024

Agency Response

#### Component 1

Output 1.1 The Strategy and Operational Framework once developed and endorsed under the strategic leadership from RCUD will streamline collaboration with all relevant agencies and will be endorsed by MoIT as the approving body. The RCUD will continue to function as an advisory body looking after the urban development covering the whole country and will ensure inter agencies and mandates are harmonized and enhance the institutional coordination mechanism. Activity 1.1.1.3 has been revised in ProDoc page number 31 (Section: Output 1.1) and CEO Form page number 30 (Section B, 1.1 Activity/Sub-Activity) to reflect the endorsement of the strategy document.

RCUD envisioned this project to bring about institutional changes in the coordination and implementation of projects in urban areas. The project will help RCUD make informed decisions by identifying gaps and challenges in mainstreaming participatory urban development, including future resource mobilization.

One of RCUD's primary mandates is to intervene in urban development within the Thimphu-Paro Region. Under RCUD's supervision and guidance, MoIT has formulated the Thimphu-Paro Regional Strategy (TPRS), Thimphu Structure Plan (TSP) and Design Code, and priority projects. The government is now implementing these plans. Many of the proposals and strategies outlined in the TPRS, TSP 2023-2047, and Priority Projects will be implemented as part of the ECRUL project, with RCUD participating in all activities. Thus, the ECRUL project will fulfill RCUD's core mandate in preparing and implementing the plans within the Thimphu-Paro region.

The lessons learned and best practices from the ECRUL project will be shared and replicated in other urban areas of Bhutan as outlined in Component 3 of this project as this is going to be used a template for future replication by RCUD.

Please refer to Page number 31 in ProDoc (Section: Output 1.1) and Page number 30/Section B (1.1 Activity/Sub-Activity) in CEO Form.

Output 1.2: The project is committed to bridging the gap in downscaled vulnerability and climate impacts data and align closely with the NSDI, ensuring that our outputs are integrated into the national system.

Output 1.3: The programs and events under this project will be theme-based, focusing on Nature-based Solutions (NbS). The Ministry will take the lead in driving the initiatives, from planning through to implementation, building on past experiences on managing similar initiatives like springboard program and hackathon. Throughout the process, the MoICE will collaborate with partners from the entrepreneurship ecosystem that includes the private sector, to enhance the effectiveness and efficiency of the programs. By doing so, we can pool resources?including manpower, ideas, and capital?working together toward a shared goal. This activity is already part of 1.3.3.3

Output 1.5: The CPP is already included in indicator #3. Please refer to page number 78 in ProDoc (Section: Project Result Framework/Indicator 3) and 68 in CEO Form (Section: Project Result Framework/Indicator 3). The Output 1.5 have been revised based on the recommended suggestions. Please refer page number 38 in Prodoc (Table 6-Output in Activity 1.5) and page number 39/Section B (1.5 Activity/Sub-activity) in CEO Form

## Component 2

Output 2.1: The activity table has been updated as recommended. Please refer page number 42 in ProDoc (Table 7 - Activities in Output 2.1) and Section B, page 41/Section B (2.1 Activity/Sub-activity) in CEO Form

Output 2.2: The additional information have been reflected in the Prodoc (page 40/ Table 8 - Activities in Output 2.2) and CEO Form (page 43/Section B/2.2 Activity). Regarding the split of the 99ha of the urban forestry between Thimphu and Paro, 60 Ha will be implemented in Thimphu and 39 ha will be implemented in Paro as already stated in the CEO ER.

Output 2.3: The building in Paro is retrofitting the old public structure and not new construction. The details have been incorporated in Prodoc (page 44-45/ Table 9-Activities in Output 2.3) and CEO Form (page 45-46/Section B/ 2.3 Activity/Sub-activity)

d) Noted with thanks

f) The budget has been reviewed by the national task force and does not anticipate reappropriation. However, this will be monitored during the course of the implementation and changes will be made if necessary, after seeking approval from the project board or GEF as per the threshold. The printing budget has been retained as it includes cost for audio visual production for advocacy and communication.

g) Thank you

h) The private sectors were engaged and consulted starting from the PIF stage in 2022. During the PPG phase, the project specifically had a meeting with the private sector including the representatives from BCCI held on 15th January 2024. Please refer to page number 77-78 under Annex 8: Stakeholder Engagement Plan for further details. The project will continue to engage all the relevant stakeholders including the private sectors during the project implementation phase as reflected in the SEP.

k) RCUD envisioned this project to bring about institutional changes in the coordination and implementation of projects in urban areas. The project will help RCUD make informed decisions by identifying gaps and challenges in mainstreaming participatory urban development, including future resource mobilization.

One of RCUD's primary mandates is to intervene in urban development within the Thimphu-Paro Region. Under RCUD's supervision and guidance, MoIT has formulated the Thimphu-Paro Regional Strategy (TPRS), Thimphu Structure Plan (TPS) and Design Code, and priority projects. The government is now implementing these plans. Many of the proposals and strategies outlined in the TPRS, TPS 2023-2047, and Priority Projects will be implemented as part of the ECRUL project, with

RCUD participating in all activities. Thus, the ECRUL project will fulfill RCUD's core mandate in preparing and implementing the plans within the Thimphu-Paro region.

Similarly, as RCUD has mandates to oversee plans and urban development for the entire country, the lessons learned and best practices from the ECRUL project will be shared and replicated in other urban areas of Bhutan as outlined in Component 3 of this project.

Please refer Prodoc and CEO Form (page number 18/Section A/Baseline Analysis) where additional information have been provided.

l) Thank you

25/09/2024:

a. Noted with thanks.

b) ADB project revolves around the following outputs:

Output 1: Climate- and Disaster-Resilient Drinking Water Supply Infrastructure Developed. The project will establish two gravity-fed integrated drinking water and irrigation systems in Hetshosamchu (250 lps) and Zhemgang (608 lps), tapping sustainable upstream surface sources to enhance water security.

Output 2: Climate-Smart Water Management Systems Established. The project will implement user-friendly, climate-smart digital water management systems for each scheme, integrating climate and hydrological data with SCADA systems for real-time monitoring and automatic control, enhancing resilience to extreme events like floods.

Output 3: Capacity, Governance, and Awareness Strengthened The project will build the capacity of at least 20 staff (30% women) and train local communities (50% women) in sustainable water management, O&M, and climate adaptation.

Output 4: Climate-Resilient Farmers' Livelihoods Improved. The project will support farmers in enhancing climate resilience through crop diversification, upscaling production, processing, marketing, and climate-smart agriculture. Tailored training and extension services will be provided to at least 300 farmers (50% women), with a minimum of ten pilot projects per scheme to promote resilient agriculture practices.

The ADB intervention is confined to Pamtsho water scheme and does not consider water catchment protection and ecosystem. Whereas the ECRUL project will scale up the ADB's pilot interventions to other critical sites as well as the broader water management aspects ensuring the sustainability and effectiveness of the project interventions. Through this project, SCADA systems will be implemented in Paro and Critical areas of Thimphu which are not served by the ADB project. The interventions will include institutional strengthening and transfer of knowledge and technology to prioritize and scale up the lessons /best practices by building synergy and avoiding any duplication of efforts.

The details of the project and its linkages can be accessed in the CEO Endorsement Table 2 Ongoing Projects and Initiatives section (pages 55-59 ), and Table 14 of the UNDP Project Document (pages 53-56).

## **Component 1**

### **Output 1.1**

The Strategy and Operational Framework developed through this output will be formalized by the Ministry of Infrastructure and Transport. The identified measures will be institutionalized during the project's implementation and adopted by relevant authorities at the national, district, and local levels, depending on the nature of the respective solution.

In order to institutionalize at the national level, the Royal Commission for Urban Development (RCUD) as the apex body will provide strategic guidance while formulating policies and strategies and streamlining the institutional coordination aimed at advancing urban planning and development in Bhutan. The RCUD will facilitate the implementation of the Thimphu Structure Plan, overseeing the Thimphu Paro Regional strategy and facilitating inter-agency coordination in matters pertaining to urban planning and resilience.

At the implementational level, the project will be guided by the following institutional arrangements to build complementarities:

- I. Security Cluster of the 13th FYP
- II. Climate Change and Disaster Resilience results group of the United Nations Sustainable Development Cooperation Framework (UNSDCF) chaired by Director, DECC, MoENR and Co-chaired by WFP Country Director.
- III. Project Board at the project level.

The above information is added under Output 1.1 of CEO Endorsement Request (page 30) and the UNDP Project Document (page 30-31).

### **Output 1.2**

The suggestion is well noted, and the project will ensure synergy with the National Land Commission and other partners for long-term sustainability.

The project, "Promotion of Utilization of Geospatial Information through Development of National Spatial Data Infrastructure (NSDI)," focuses on creating digital topographic maps with resolutions of 1:25,000 and 1:5,000, aiming to develop a common geospatial data-sharing platform, establish geographic information standards, and create essential geospatial datasets. These datasets will have broad applications in land management, disaster management, environmental analysis, and sustainable development.

However, while NSDI provides a repository for all spatial (GIS) data, it may not prioritize down-scaled (local level) climate-related data. To address this, the ECRUL project's output 1.2 will identify downscaled climate-related and vulnerability information gaps and produce required datasets and maps. The system will allow for the analysis and visualization of various climate variables across different spatial and temporal scales, which will enable climate-risk informed land use planning, infrastructure and building design, natural resource management, disaster risk reduction and relief

plans. These datasets will be linked to the NSDI system, and their full integration will be carried out during the course of the project, as added to the Output 1.2 description in the CEO Endorsement Request (page 31) and the UNDP Project Document (page 32).

### Output 1.3

The Regional plan, Structure plan, and Local area plans will encompass various actions, including physical interventions, improved practices, and development of regulations and policies. Under the overall guidance of the Department of the Human Settlement under MoIT, the Local Governments will lead the local level plans that align with the vision of the higher-level plans such as the regional and structural plans promoting NbS solution or NbS oriented development.

The Thimphu-Paro regional strategy document is a strategic document that outlines the spatial framework for the formulation of Thimphu Structure Plan (TSP) and Paro Valley Development Plan (PVDP). While most of the areas under Thimphu Structure Plan have Local Area Plans (LAP) in place, PVDP has identified a total of 27 LAPs wherein there is a tremendous potential for integration of NBS solution and climate resilient interventions. The ECRUL project will integrate NbS while formulating adaptation plans for Thimphu and Paro anchoring onto the TSP, PVDP and LAPs. The learnings from these initiatives will be scaled up for the rest of the identified Local Area Plans.

In terms of the locally led adaptation plans, the Department of Environment and Climate Change as the agency responsible for implementing the National Adaptation Plan, will guide on the formulation and implementation of the local adaptation plans. Nonetheless, the integration and implementation of NbS into the spatial plan and local adaptation plan will be guided by the central agencies, namely the Ministry of Infrastructure and Transport.

The project has allocated resources for augmenting capacities of the local administration and Thromdes. A strong monitoring plan is in place that will be monitored regularly to identify any bottlenecks. A multi stakeholder technical team, an integral part of the project, will provide technical and programmatic solutions to address complex and technical issues and challenges.

The entrepreneurship program will include training, providing incubation spaces, organizing networking and promotional events, offering facilitation and support to new start-ups, acceleration support and other targeted programs. This approach aims to encourage individuals to pursue entrepreneurship, nurture their ideas through various initiatives, and support their growth once launched commercially. Throughout the process, the project will focus on fostering creativity, innovation, and a culture of entrepreneurship in the country. Support has been diverse, targeting various stages and often focusing on specific themes such as social, agriculture, production, Tech, and services.

This project will center on a Nature-based Solutions (NbS) theme, thereby promoting green entrepreneurship. The goal is to build a pool of green entrepreneurs and support existing NbS entrepreneurs. This project will establish a robust and unprecedented approach in Bhutan to developing green entrepreneurs through coordinated efforts among the stakeholders and focused investments.

The cost and funding modalities are adopted from the regular and similar activities the Ministry of Education and Skills Development has been involved with. To ensure effectiveness and efficiency, an Entrepreneurship Promotion Strategy will be developed to guide implementation. This is building up on similar entrepreneurship programs like springboard programs, Basic entrepreneurship training, ToT

on acceleration program, ToT on new business creation, Business Development Services, mentoring and coaching to startups, different promotional events services and space through startup centers and Business Incubation Units managed by the Ministry of Industry, Commerce and Employment. The interventions including the cost and funding modalities were finalized based on the stakeholder consultation and experiences of managing such programs.

The above points are added under Output 1.3 in CEO Endorsement Request (page 33-34) and the UNDP Project Document (page 33-34)

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#### Output 1.4

The capacity building programs will be institutionalized and implemented at various level by adopting the modalities reflected below:

This output will be led by Royal University of Bhutan (RUB) as the institution responsible for institutionalizing the capacity building programs for long term sustainability.

The College of Science and Technology, in collaboration with the College of Natural Resources and other colleges of the RUB, as one of the most prominent institutions, will refine and amend the existing curriculum, including the development of training materials for conducting training for all the target groups to be trained through this output. MoIT will continue to extend technical support to CST and other colleges while formulating the curriculum, training and evaluation.

Training of college and VTI students will be carried out as part of their study programme. Capacity building programs for technicians will be conducted by VTIs. Established professionals (not limited to planners and engineers) will be trained through a "Training of Trainer" (ToT) model. Certain professionals will attend specialized courses offered by international forums and institutions following which they will then provide technical advice and inputs during the formulation of courses, as well as facilitate the effective transfer of skills and knowledge to a broader group of participants. Additionally, during project implementation, professionals and technicians will receive on-site hands-on training through case simulations in a work environment. The project will offer both online and in-person training while implementing capacity-building programs. It will review and adopt best practices from WB or other projects for effective delivery. UNDP's corporate and regional expertise shared across the thematic hubs (Nature Hub, Climate Hub, Private Sector, SDG Finance Hub and Chief Digital Office, Economist and Innovation network) will provide technical assistance as well as bring in global best practices to support the quality of the project implementations.

In both instances, training content and capacity building will be evaluated to determine the effectiveness of courses, and appropriate remedial measures will be carried out to better meet the needs of students, professionals, technicians and workers, as well as the needs of the market. Capacity building programmes will be integrated into existing institutional repositories, as well as into the curriculum for students offered by Colleges and VTIs.

The above points are added under Output 1.4 in CEO Endorsement Request (page 34-35) and the UNDP Project Document (page 35-36)

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#### Output 1.5

-

A Climate Prosperity Plan (CPP) is a strategy that will support Bhutan's vision of climate prosperity, development, resilience and carbon neutrality through an innovative policy landscape and sustainable financing. CPP will guide sectoral climate interventions and financing modalities, while prioritizing urban resilience and nature-based solutions (amongst other sectors), that will subsequently boost investment and socio-economic growth. Once the CPP is developed, it will guide in securing innovative climate finance such as carbon financing, green bonds, insurance for loss and damage, taxation, incentives for private sectors, etc to fund priority projects.

The project will specifically help to integrate NbS, climate resilience components in line with NDCs (2.0 and 3.0), NAP and any national priorities in the CPP, which will nudge financing for NbS and urban resilience.

Regarding innovative financing mechanisms, PES was selected as an innovative financing mechanism as it offers opportunities for leveraging financing for nature positive initiatives that also facilitate adaptation. The project will roll out the PES based on the experiences from the interventions supported in the past.

We apologize for the confusion caused by referencing the incorrect Annex. Annex 22 Financial Modality Survey contains the preliminary mapping of existing innovative financing mechanisms. Other financing options such as PPPs, taxation models, blended finance, crowdfunding, results-based budgeting via ecological transfers, and green bonds will be explored, which are among the most promising alternatives for scaling up resilience-building efforts.

The technical assistance (TA) for financing institutions will focus on the following key areas, which were identified as gaps during the Project Preparation Grant (PPG) stage:

? Introduction to Climate Stress Testing: This will enable financial institutions to deeply understand climate risk stress-testing frameworks, incorporating inputs from various initiatives and regulations, and utilizing key data to evaluate risks. Participants will explore the implications of physical and transition risks, industry challenges, and the best practices for integrating climate risk into scenario analysis.

? Nature-based Solutions (NbS) Financing: The goal is to equip institutions with the knowledge to identify, evaluate, and support NbS projects as viable investments. Also, this will improve understanding of NbS as part of the green taxonomy project, which will look into criteria that incentivize green businesses.

? Environmental and Social Risk Management (ESRM): Training in ESRM will assist financial institutions incorporate environmental and social considerations into their decision-making processes. This ensures that their investments are not only financially sound but also socially responsible and environmentally sustainable.

The outcome of this technical assistance is to strengthen the capacity of financial institutions to manage climate-related risks and to effectively identify and appraise NbS investments, particularly in urban settings.

The above information is captured under Output 1.5 in the CEO Endorsement Request (page 37 and 38) and in the UNDP Project Document (page 37).

#### Output 2.1

The recent flooding in Dechencholing, Thimphu has showcased that the storm water drainage system is outdated and requires climate proofing in line with the latest climate projection of drastic increase in heat and rainfall over the coming decades, which will result in an increased number of flash floods, affecting agriculture, hydropower, and forestry.

The Water Services Master Plan and the Green Infrastructure and Open Space master plan of Thimphu reiterates the provision of nature-based storm water drainage system as an integral part of the green infrastructure for the city. Furthermore, the master plan identifies the primary drains including Motithang and Changangkha LAP, and City Center LAP (which are part of the old city area) as the priority sites as these drainage systems have not been renovated for the last 15-20 years. In this regard, the rehabilitation of the existing primary storm water drains of the areas has been identified for this project. The reconstruction of these drains with nature-based solutions would reduce the volume of surface runoff and minimize the incidences of flash floods in the urban core which has affected several businesses in the past. This has also been validated during the stakeholder consultations and site visits during the PPG stage. More information can be found in Annex 20: Assessment of NbS which provides maps showing the location of project interventions.

Additionally, naturalizing the existing channelized streams within the city core (five fingers- stream next to Memorial Chorten, stream below swimming pool complex, stream next to Bhutan Post office, stream along BDBL, stream next to City Cinema) will further enhance the overall storm water system of the city core covering neighborhoods such as Motithang, Changangkha, Norzin, Changzamtog and Kunga Choling.

The RGoB has allocated USD 13.344 million as co-financing to implement this output. As recommended, a study on governance options for the operation and maintenance (O&M) of water supply systems will be conducted as part of the project preparation for water supply system improvement interventions, ensuring uninterrupted water supply (sub-activity 2.1.3.4) in the face of a changing climate.

The above points are added under description of Output 2.1 in CEO Endorsement Request (pages 41-42), and the UNDP Project Document (page 38-40), as per comment.

## Output 2.2

As a part of road side greening, we are focused on river corridor intervention, greening of river corridors along the Wangchu River as it will likely contribute more to our effort to increase the adaptive capacity of the community against the climate-induced floods as well as urban heat management. Furthermore, the total area of land developed for climate adaptation is has increased from 400 ha in PIF to 800 ha in PPG as it now includes springsheds and watersheds, and an additional area of 99ha as urban forestry and green spaces in Thimphu and Paro region through afforestation and reforestation. Slope stabilization measures along the river corridors through restoration will also be implemented. Additionally, watersheds upstream will be restored through watershed restoration measures to improve the aquifer recharge. Retention ponds will be created along the riverside in Thimphu and Paro by arranging natural gabion walls. Natural gabions are made of permeable rock debris and will protect from overflows.

The project will also demonstrate flood safety measures along the primary stormwater drainage system and streams in Thimphu City. This includes urban forestry along the streams, bioswale for flood protection, as well as urban infiltration and groundwater recharge to reduce surface runoff during rainy seasons. Additionally, during dry and hot periods, the forest will provide shade and help mitigate the urban heat island effect, while also serving as a biological corridor

The above points are added to the existing description of Output 2.2 in CEO Endorsement Request (pages 43-44) and the UNDP Project Document (page 40).

### Output 2.3

The overall approach for the output can be segregated into two aspects: (i) demonstration aspects (ii) policy/regulatory aspects.

The project will implement climate-resilient strategies/interventions in two sites: (i) Demonstrate inclusive and climate-resilient building technology in Thimphu, and (ii) A public building with inclusive and climate-resilient technology in Paro. These interventions will address climate resilience in two ways: (a) Through climate resilient structures that focus on improved indoor environment for the inhabitants (b) Through interventions that aim to complement the higher (human settlement) level efforts and issues such as water scarcity, urban flooding, urban heat island, among others. The interventions foreseen are rainwater harvesting and (semi-)permeable paving around the buildings or other infrastructures which will result in the reduction of stormwater runoff in urban areas which causes urban flooding. Other adaptation interventions to make buildings resilient to the impacts of climate change will be explored during implementation (e.g. greening, low-flow faucets, improved building envelope and systems). The culmination of these interventions is expected to address climate change-related issues such as urban flooding, water scarcity, varying weather patterns, and so on catering to the built environment and the users.

Currently, the Building Code of Bhutan cites compliance with the Bhutan Green Building Design Guidelines. However, the guideline has not been revised since 2013. Hence, the Bhutan Green Building Design Guidelines will be updated to a green building standard/guide and a tool. The revision would be guided by applicable policies and tools across the globe and the learnings from this project. Consequently, as MoIT is the lead agency for infrastructure, in the future, the tool may also serve as one of the criteria for green taxonomy or other climate incentive interventions.

The demonstrations would serve as the testbed for the tool and the guide/ standard while the regulatory tools would help strengthen the efforts of the demonstrations. Hence, the two elements would complement each other and assist in furthering one another.

With regard to the housing agency, the housing agency National Housing Development Corporation Limited (NHDCL) and DHS work closely during the design of their housing complexes (such as Phuentsholing Thromde and affordable housing projects). As NHDCL plans to construct housing complexes in Thimphu, the DHS aspires to include one of the housing complexes as the pilot project for Thimphu. Thus, NHDCL and DHS plan to explore possibilities for collaboration for an affordable housing project in Thimphu. In addition, the NHDCL will be consulted during the development of the regulatory instruments to build synergy and collaboration.

The above points are added in Output 2.3 description of CEO Endorsement Request (page 46), and Table 2 and the UNDP Project Document (page 42) and Table 14.

d) As reflected under Table 2 of CEO Endorsement Request (pages 58-62) and table 14 of the UNDP Project Document (pages 49-52): Partnership, seven relevant projects have been listed, describing coordination and cooperation with ongoing GEF and non-GEF financed projects/programs; ACREWAS is one of the relevant projects where collaboration and knowledge sharing is planned. Therefore, the project manager for ACREWAS was actively engaged as a task force member as well as involved during the stakeholder consultations while formulating this project, to ensure cross learning and synergy.

In addition, the chair of the project boards for both ECRUL and ACREWAS is the Secretary of MoIT. Hence, the knowledge and elements of ACREWAS would be shared through both decision-making level and working level.

Further, to avoid duplication and build synergy, the project will closely work with other projects that are complementary and provide opportunities for collaboration. The coordination will be strengthened by including them as a member of the TACC. Similarly, the project will organize meetings and learning sessions among these projects.

e) Comment noted with thanks.

f) The comments and suggestions are well noted. The budget has been arrived and how the amounts reflect detailed/bottom up budgeting based on the past and ongoing initiatives. Further, the budget will be rationalized based on the requirements while formulating the annual work plans. The project will adopt adaptive management practices and make necessary changes within the allowable limits to meet the changing requirement.

g) The project design incorporates scenario planning as part of the project preparation and design for any physical intervention, which allows to anticipate and prepare for future changes in climate, social and economic drivers. This approach is supported by technical training, GIS modeling software, climate data and modeling, and an early warning system providing tools for analyzing these shifts and making climate informed decision making. A key focus of the project is the implementation of Nature-based Solutions (NbS) for adaptation , which will complement these other measures to reduce exposure to climate hazards and build resilience over time.

An adaptive management approach with regular feedback loops allows for continuous learning and project adjustments. In addition, wide stakeholder engagement ensures that diverse perspectives are included, fostering resilience and support for adaptive measures.

The risks identified during the project design will be monitored and updated regularly. Such measures will support in identifying possible risks posed and come up with appropriate measures to either avoid or mitigate the impacts.

The above description is added in the CEO Endorsement Request (page 24) and the UNDP Project Document (page 21)

h) The explanations for private sector consultations have been provided under 4 b.

i) Noted with thanks.

j) Noted with thanks

k) The Royal Commission for Urban Development (RCUD). The RCUD was established in 2021 as the body responsible for urban planning. Its mandate includes facilitating the implementation of the Thimphu Structure Plan, overseeing the Thimphu Paro Regional strategy and facilitating inter-agency coordination in matters pertaining to urban planning and resilience, with the following objectives:

I. Development of plans, policies and strategies to expand urban planning and development in the rest of the country.

- II. Review and revise the Thimphu structure plan and facilitate its implementation.
- III. Prepare a regional urban development plan interlinking Thimphu and Paro and connected areas.
- IV. Exercise regulatory functions to facilitate the implementation.
- V. Review existing laws and policies and recommend amendments.

The future of the RCUD's mission was planning to reduce vulnerabilities to the impacts of climate change, preserve and protect the culturally and environmentally sensitive areas, promote developments that are environmentally sensitive, economically viable, and socially responsible, promote climate and disaster resilient and inclusive developments, and enhance institutional collaboration and coordination.

This project will build on the RCUD's mandate to enhance Thimphu and Paro's resilience to water-related climate change impacts (flooding and droughts) and improve the integration of nature-based approaches in planning to deliver economic, social and environmental benefits to communities in both cities in a gender inclusive manner. The project is also aligned with the Thimphu Paro Regional strategy and the Thimphu Structure Plan, both of which the RCUD oversaw the development of and facilitates the implementation of.

The above points are added under Baseline projects and investments (mandate of RCUD) and Proposed approach (building upon RCUD's mandate) of the CEO Endorsement Request (page 18 and 21 ), and in the UNDP Project Document (page 17).

I) Yes, the project being the first urban project in Bhutan will drive a transformation in urban resilience and innovative financing by adopting a holistic approach that integrates climate risks and NBS. This will be achieved by streamlining existing policies, plans, and mandates of relevant agencies and developing systems and data for downscaled climate risk analysis. Additionally, comprehensive capacity building will be implemented for all current and future experts, technicians, and workers involved in urban resilience, including planners. The project promotes NbS entrepreneurship by supporting the creation of new NbS projects and encouraging private sector investment such as local entrepreneurs opening plant nurseries for native plants, trees and shrubs for street tree planting and watershed restoration, and agribusiness open urban farms as well as hotels/restaurants at riverfront participating in riverfront restoration or wetland creation. Furthermore, it explores innovative financial mechanisms aligned with green financing initiatives. The project will offer a template for scaling up these integrated solutions to other urban centers.

The above description is covered as part of Theory of change in the CEO Endorsement Request (page 28) and the UNDP Project Document (page 27).

## **5.2 Institutional Arrangements and Coordination with Ongoing Initiatives and Project**

- a) Are the institutional arrangements, including potential executing partners, outlined on regional, national/local levels and a rationale provided? Has an organogram and/or funds flow diagram been included?**
- b) Comment on proposed agency execution support (if agency expects to request exception). Is GEF in support of the request?**
- c) Is there a description of coordination and cooperation with ongoing GEF and non-GEF financed**

**projects/programs (such as government and/or other bilateral/multilateral supported initiatives in the project area, e.g.).**

Secretariat comment at CEO Endorsement Request

GEFSEC, 11/19/2024:

Recommended to allow agency to execute activities relating recruitment of international consultants and procurement IT services

GEFSEC, 11/4/2024:

Requested to update the justification and list if item for agency execution. Also, please ensure to submit the request, signed by OFP, as per the template <https://www.thegef.org/documents/ofp-letter-support-template-gef-agency-execution>

GEFSEC, 9/29/2024:

- a). Thank you. Please update the TACC membership
- b) Need further justification on nature of technical support, communication, and identification and facilitation of training activities that warrants execution by agency. Also, need further clarity on "Project and programme personnel"
- c) Thank you. Cleared

GEFSEC, 8/16/2024:

- a) Please provide details on how this project is going to be coordinated with ACREWAS, including at PMU level. The organogram has duplication of entry for portfolio manager
- b) To be reviewed.
- c) It lack description on its effort to coordinate and cooperate at with ongoing projects

Agency Response

**11/25/2024: Noted. Thank you.**

**11/18/2024**

**The Letter of Support based on the revised execution support is submitted.**

10/18/2024

Agency Response

- a) The TACC membership is updated in Prodoc (page 97- Governance and Management Arrangement) and CEO Form (page 54/Section B- Institutional Arrangement)

b) The technical DES has been removed from the project now. However, the operational cost for services referred to as UNDP Support Services provided upon the request of the Government is retained. Further details are provided under response in Section 8.1

24/09/2024: a) While the ACREWAS and ECRUL PMU are housed under the same ministry, the PMU team is attached with different departments based on their mandates. The PMUs under different project directors will report to the Secretary of MoIT, the chair for both the project boards. Under the same leadership, the two PMUs will coordinate cross-learning and knowledge sharing sessions.

The organogram has duplication of entry for portfolio manager has been corrected in the UNDP Project Document (Page 95) and the CEO Endorsement Request (page 55)

b) N/A

c) As reflected under Table 2 in CEO Endorsement Request (pages 57-59), and the UNDP Project Document (pages 49-5) seven relevant projects have been listed, describing coordination and cooperation with ongoing GEF and non-GEF financed projects/programs.

As mentioned earlier, the project will work closely with other projects that are complementary and provide opportunities for collaboration. The coordination will be strengthened by including them as a member of the TACC. Similarly, the project will organize meetings and learning sessions among these projects.

### 5.3 Core indicators

**a) Are the identified core indicators calculated using the methodology and adhering to the overarching principles included in the corresponding Guidelines (GEF/C.62/Inf.12/Rev.01)?**

**b) Are the project's targeted contributions to GEBs (measured through core indicators and additional listed outcome indicators) /adaptation benefits reasonable and achievable?**

**Are the GEF Climate Change adaptation indicators and sub-indicators for LDCF and SCCF properly documented?**

Secretariat comment at CEO Endorsement Request  
GEFSEC, 11/4/2024:

Cleared. Thanks

GEFSEC, 9/29/2024:

b). Under the project Meta information, please select "True" for its references to NAP implementation, as the main document says that it will contribute towards implementation of NAPs

GEFSEC, 8/16/2024:

a) Yes

b) Welcome significant increase in core indicator 2 a. Please provide details

#### Agency Response

10/18/2024

Agency Response

Thank you for the comment ?True? has been selected under the Meta information

24/09/2024:

- a. Comment noted with thanks.
- b. During the PPG stage, stakeholders identified the potential to restore upstream watersheds in Thimphu (600 ha), such as the Motithang Watershed for example and Paro (200ha) to improve water retention upstream and reduce sediment load in both rivers flowing into the urbanized areas. The total area of land developed for climate adaptation includes springsheds and watersheds, and an additional area of 99 ha as urban forestry and green spaces in Thimphu and Paro region through afforestation and reforestation.

#### 5.4 Risks

- a) **Is there a well-articulated assessment of risk to outcomes and identification of mitigation measures under each relevant risk category? Are mitigation measures clearly identified and realistic? Is there any omission?**
- b) **Is the rating provided reflecting the residual risk to the likely achievement of intended outcomes after accounting for the expected implementation of mitigation measures?**
- c) **Are environmental and social risks, impacts and management measures adequately assessed and rated and consistent with requirements set out in SD/PL/03?**

Secretariat comment at CEO Endorsement Request

GEFSEC, 8/16/2024:

a) Yes

b) Yes

c) Yes

#### Agency Response

24/09/2024: The comments are noted.

**5.5 For NGI Only: Is there a justification of the financial structure and of the use of financial instrument with concessionality levels?**

Secretariat comment at CEO Endorsement Request

#### Agency Response

**6 C. Alignment with GEF-8 Programming Strategies and Country/Regional Priorities**

**6.1 a) Is the project adequately aligned with Focal Area objectives, and/or the LDCF/SCCF strategy?**

Secretariat comment at CEO Endorsement Request

GEFSEC, 11/4/2024:

Cleared. Thanks

GEFSEC, 9/29/2024:

a)The CCA objective referred in the revised document are inaccurate. Please revise

GEFSEC, 8/16/2024:

a) CCA objective as referred in the documents are inaccurate. Please revise appropriately

**Agency Response**

10/18/2024

Agency Response

a) Thank you. The text has been revised to link with the updated CCA objectives. All other text has been removed. The project aligns mainly with the CCA objective 1.1 ?Supporting implementation of Climate change adaptation solutions in priority themes.

24/09/2024: a) Alignment with CCA objectives is now added to CEO Endorsement Request under section 6.C.

**6.2 Is the project alignment/coherent with country and regional priorities, policies, strategies and plans (including those related to the MEAs and to relevant sectors).**

Secretariat comment at CEO Endorsement Request

GEFSEC, 11/4/2024:

Cleared. Thanks

GEFSEC, 8/16/2024:

Please provide details on how it aligns with Royal Commission on Urban Development.

**Agency Response**

24/09/2024:

The project will ensure policy coherence with the past work of the RCUD. As mentioned in the response (k) under section 5B, this project's activities align with the RCUD's mandate of promoting institutional collaboration and knowledge sharing (Component 1 and 3) and reducing vulnerability to climate impacts by delivering social and economic as well as environmental benefits (Component 2). Additionally, the project is also aligned with the Thimphu Paro Regional strategy and the Thimphu Structure Plan both of which the RCUD oversaw the development of and facilitates the implementation of.

- I. Development of plans, policies and strategies to expand urban planning and development in the rest of the country.
- II. Review and revise the Thimphu structure plan and facilitate its implementation.
- III. Prepare a regional urban development plan interlinking Thimphu and Paro and connected areas.
- IV. Exercise regulatory functions to facilitate the implementation.
- V. Review existing laws and policies and recommend amendments.

Please see response 5.b.

**6.3 For projects aiming to generate biodiversity benefits (regardless of what the source of the resources is - i.e., BD, CC or LD), does the project clearly identify which of the 23 targets of the Kunming-Montreal Global Biodiversity Framework the project contributes to and how it contributes to the identified target(s)?**

Secretariat comment at CEO Endorsement Request

Agency Response

#### **7 D. Policy Requirements**

##### **7.1 Are the Policy Requirement sections completed?**

Secretariat comment at CEO Endorsement Request  
GEFSEC, 8/16/2024:

Yes

Agency Response

24/09/2024: The comment is well noted.

##### **7.2 Is the Gender Action Plan uploaded?**

Secretariat comment at CEO Endorsement Request  
GEFSEC, 8/16/2024:

Yes

Agency Response

24/09/2024: The comment is well noted.

**7.3 Is the stakeholder engagement plan uploaded?**

Secretariat comment at CEO Endorsement Request  
GEFSEC, 8/16/2024:

Yes

Agency Response

24/09/2024: The comment is well noted.

**7.4 Have the required applicable safeguards documents been uploaded?**

Secretariat comment at CEO Endorsement Request  
GEFSEC, 8/16/2024:

Yes

Agency Response

24/09/2024: The comment is well noted.

**8 Annexes**

**Annex A: Financing Tables**

**8.1 GEF Financing Table and Focal Area Elements: Is the proposed GEF financing (including the Agency fee) in line with GEF policies and guidelines? Are they within the resources available from (mark all that apply):**

**STAR allocation?**

Secretariat comment at CEO Endorsement Request  
GEFSEC, 9/29/2024:

Please provide additional justification on the "Technical and Delivery enabling service" that needs the support of the GEF agency?.

GEFSEC, 8/16/2024:

Please provide justification for Staff cost assign to the agency.

## Agency Response

10/18/2024

### Agency Response

Confirming that the technical support services costs have now been removed from the project. To respond to the query, in addition to our previously shared justification for UNDP's enabling services to the project, kindly consider the following points.

However, the costs for UNDP execution support services have been retained. These costs, also referred to as UNDP Support Services, are provided to NIM projects when requested by the Government or Implementing Partner (IP). These services follow the process outlined in GEF guidance and are aimed at supporting the administrative and operational needs of the project. Execution support services include tasks such as the creation of financial documents related to revenue processing, budgeting, payments, and reporting. They also cover procurement of project-related goods and services, human resources management (recruitment and training of personnel), logistics, travel arrangements, and equipment/asset management, including IT services and maintenance??.

The costs for these services are determined based on the Universal Price List (UPL) or the Local Price List (LPL), agreed upon and detailed in letter of agreement between UNDP and the government ensuring transparency and consistency in the pricing of transactional support??.

The cost allocation is determined through detailed, itemized discussions with the government to ensure that all anticipated support services have sufficient funds allocated and available when needed.

24/09/2024: The Ministry of Infrastructure and Transport (MoIT) in consultation with the Ministry of Finance has recognized UNDP's comparative advantage in implementing a project of this nature and therefore engaged UNDP to provide technical and delivery enabling services (DES) for the project. This decision was formalized through a Letter of Agreement (LoA) signed between the above-mentioned parties. To ensure transparency and consistency in cost estimation, UNDP utilized its standard rates (UPL/LPL 2024) and proforma staff costs to calculate the necessary staffing costs. This approach aligns with UNDP's internal guidelines and provides a clear and justifiable basis for the allocated budget. Specific details can be found in the signed LOA of the project document and the UNDP Justification Note submitted to the GEF Secretariat.

### **Focal Area allocation?**

Secretariat comment at CEO Endorsement Request

Agency Response

**LDCF under the principle of equitable access?**

Secretariat comment at CEO Endorsement Request  
GEFSEC, 8/16/2024:

Yes

Agency Response

24/09/2024: The comment is well noted.

**SCCF A (SIDS)?**

Secretariat comment at CEO Endorsement Request

Agency Response

**SCCF B (Tech Transfer, Innovation, Private Sector)?**

Secretariat comment at CEO Endorsement Request

Agency Response

**Focal Area Set Aside?**

Secretariat comment at CEO Endorsement Request

Agency Response

**8.2 Project Preparation Grant (PPG)**

**a) Is the use of PPG attached in Annex: Status of Utilization of Project Preparation Grant (PPG) properly itemized according to the guidelines?**

Secretariat comment at CEO Endorsement Request

Updated, GEFSEC, 10/5/2024:

Please follow the eligible categories included in Guidelines (travel, consultants, etc.) instead of presenting this per components.

GEFSEC, 8/16/2024:

Yes

## Agency Response

10/18/2024

Agency Response

The Annex D: Status of Utilization of Project Preparation Grant (PPG) has been updated as recommended

24/09/2024: The comment is well noted.

### 8.3 Source of Funds

**Does the sources of funds table match with the amounts in the OFP's LOE?**

**Note: the table only captures sources of funds from the country's STAR allocation**

Secretariat comment at CEO Endorsement Request

GEFSEC, 8/16/2024:

Yes

## Agency Response

24/09/2024: Noted with thanks.

**8.4 Confirmed co-financing for the project, by name and type: Are the amounts, sources, and types of co-financing adequately documented and consistent with the requirements of the Co-Financing Policy and Guidelines?**

**e.g. Have letters of co-finance been submitted, correctly classified as investment mobilized or in-kind/recurring expenditures? If investment mobilized: is there an explanation below the table to describe the nature of co-finance? If letters are not in English, is a translation provided?**

Secretariat comment at CEO Endorsement Request

GEFSEC, 8/16/2024:

Yes

## Agency Response

24/09/2024: Noted with thanks.

### Annex B: Endorsements

**8.5 a) If ? and only if - this is a global or regional project for which not all country-based interventions were known at PIF stage and, therefore, not all LOEs provided:**

**Has the project been endorsed by the GEF OFP/s of all GEF eligible participating countries and has the OFP name and position been checked against the GEF database at the time of submission?**

Secretariat comment at CEO Endorsement Request  
GEFSEC, 8/16/2024:

Yes

Agency Response

24/09/2024: This is well noted.

**b) Are the OFP endorsement letters uploaded to the GEF Portal (compiled as a single document, if applicable)?**

Secretariat comment at CEO Endorsement Request  
GEFSEC, 8/16/2024:

Yes

Agency Response

24/09/2024: This is well noted.

**c) Do the letters follow the correct format and are the endorsed amounts consistent with the amounts included in the Portal?**

Secretariat comment at CEO Endorsement Request  
GEFSEC, 8/16/2024:

Yes

Agency Response

24/09/2024: This is well noted.

**Annex C: Project Results Framework**

**8.6 a) Have the GEF core indicators been included?**

**b) Have SMART indicators been used; are means of verification well thought out; do the targets correspond/are appropriate in view of total project financing (too high? Too low?)**

**c) Are all relevant indicators sex disaggregated?**

**d) Is the Project Results Framework included in the Project Document pasted in the Template?**

Secretariat comment at CEO Endorsement Request  
GEFSEC, 8/16/2024:

Yes

Agency Response

24/09/2024: This is well noted.

**Annex E: Project map and coordinates**

**8.7 Have geographic coordinates of project locations been entered in the dedicated table? Are relevant illustrative maps included?**

Secretariat comment at CEO Endorsement Request

GEFSEC, 8/16/2024:

Yes

Agency Response

24/09/2024: This is well acknowledged.

**Annex G: GEF Budget template**

**8.8 a) Is the GEF budget template attached and appropriately filled out incl. items such as the executing partner for each budget line?**

**b) Are the activities / expenditures reasonably and accurately charged to the three identified sources (Components, M&E and PMC)?**

**c) Are TORs for key project staff funded by GEF grant and/or co-finance attached?**

Secretariat comment at CEO Endorsement Request

GEFSEC, 11/25/2024:

It was noted that agency is charging Administrative costs for US\$28,973, meant to be for the execution support to the PMC. Please remove the Administrative costs and relocate these funds in other budget lines, and update the budget table.

Also, please reduce the length of the budget table by having one line per activity so it's clear which activity, for which amount is charged to which component.

And finally, please ensure that the latest version of the ProDoc has the updated budget table

GEFSEC, 11/25/2024

Budget table reduced.

GEFSEC, 11/22/2024:

Still the budget in the CEO Endorsement Request Portal view (which is the document that is circulated to Council ? see attached) is 56 pages long ? since October 4th we have been asking for

an itemized budget with a reasonable length. We have no further comments on the content of the budget, but we can't accept the budget table as is. Please eliminate the unnecessary text so the budget will be reduced to a reasonable length.

GEFSEC, 11/6/2024:

Thanks for providing an updated budget that incorporates some modifications. Nevertheless the budget still merges different activities / positions / costs, so it is not possible to understand what items are charged exactly to which sources. We would kindly request the agency to have one line per activity so it's clear which activity, for which amount is charged to which component. We suggest presenting the costs per component, not per output, so the table will be slimmer.

Update, GEFSEC, 10/5/2024

The budget is 69 pages long ? the description of the expenditures merges different activities / positions / costs, so it is not possible to understand what items are charged exactly to which sources. The budget table must be done in a completely different manner with the activities / costs / expenditures / itemized and with a reasonable description, so one can assess the reasonability of charging the different items to the different sources. One recommendation would be to present the costs per component, not per output, so the table will be slimmer. Budget will be reviewed, upon resubmission.

GEFSEC, 8/16/2024:

Yes

### Agency Response

11/28/2024: The Administrative DPC cost of US\$28,973 under PMC is removed and reallocated to other budget lines. The budget table is updated and included in the latest version of Prodoc. The length of the budget table is reduced.

**11/25/2024: As requested, the details have been reduced. The activity names are deleted, only remaining output names. The budget table, following adjustments, is now 30 pages.**

**11/18/2024:**

**The GEF budget table is edited and now presents cost as per Component.**

10/18/2024

The GEF budget has been updated. The costs are presented per component and outcome.

24/09/2024: This is well noted.

**Annex H: NGI Relevant Annexes**

**8.9 a) Does the project provide sufficient detail (indicative term sheet) to assess the following criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments.**

**b) Does the project provide a detailed reflow table to assess the project capacity of generating reflows? If not, please provide comments.**

**c) Is the Agency eligible to administer concessional finance? If not, please provide comments.**

Secretariat comment at CEO Endorsement Request

Agency Response

**Additional Annexes**

**9. GEFSEC DECISION**

**9.1.GEFSEC Recommendation**

**Is the project recommended for approval**

Secretariat comment at CEO Endorsement Request

GEFSEC, 11/28/2024

Recommended for approval

GEFSEC, 11/27/2024

Please address comments under 8.8a

GEFSEC, 11/25/2024:

Recommended for approval.

Updated, 11/22/2024

Please address the comments under section 1a and 8.8

GEFSEC, 11/19/2024:

Recommended for approval

GEFSEC, 11/4/2024:

Not yet

GEFSEC, 10/5/2024:

The agency is requested to address the above mentioned additional comments

GEFSEC, 8/16/2024: Not yet.

The agency is requested to address the above mentioned comments

## 9.2 Additional Comments to be considered by the Agency during the inception and implementation phase

Secretariat comment at CEO Endorsement Request

### 9.3 Review Dates

	CEO Approval	Response to Secretariat comments
<b>First Review</b>	<b>8/16/2024</b>	<b>9/24/2024</b>
<b>Additional Review (as necessary)</b>	<b>10/5/2024</b>	<b>10/25/2024</b>
<b>Additional Review (as necessary)</b>	<b>11/4/2024</b>	<b>11/18/2024</b>
<b>Additional Review (as necessary)</b>	<b>11/19/2024</b>	<b>11/25/2024</b>
<b>Additional Review (as necessary)</b>	<b>11/27/2024</b>	